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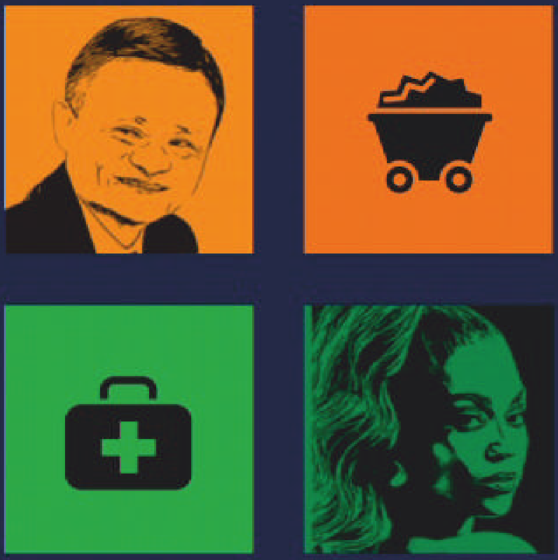

AFRICA IN 2020

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ALL THE ANGLES

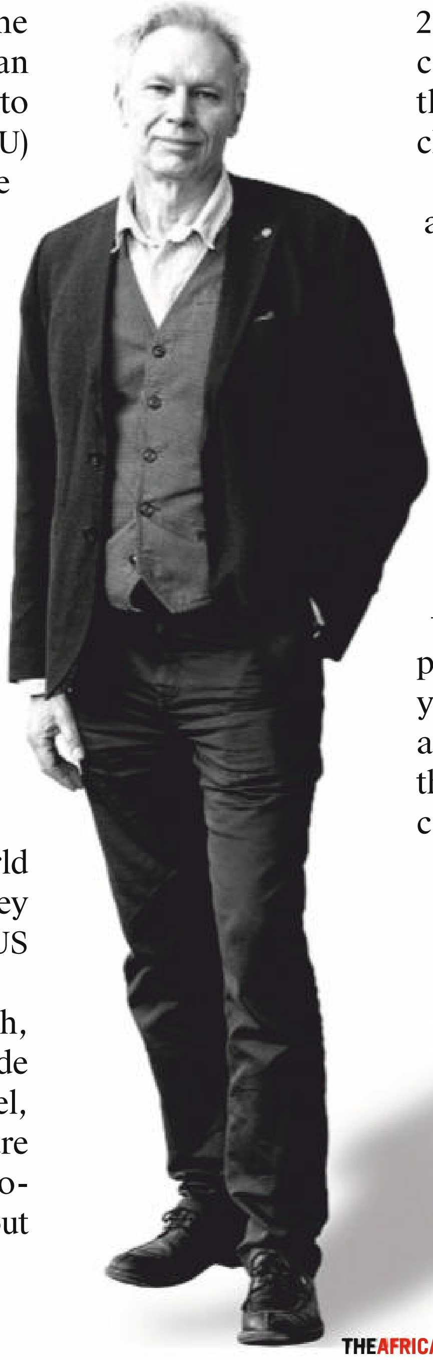
By **PATRICK SMITH**
editorial@theafricareport.com

It should be a vintage year for the resolutely hopeful. Two gargantuan ambitions are hitting deadlines in 2020. And already, sceptics are sharpening their pencils, checking the spelling of 'quixotic'. In July, the African Continental Free Trade Agreement goes into operation. And in January, African Union (AU) leaders are to meet to track progress on the Silencing the Guns by 2020 campaign, a bid to crack down on the small-arms trade fuelling conflicts.

On both projects, much of the heavy lifting was done in Addis Ababa. The UN's Economic Commission for Africa (UNECA) worked closely with the AU and the AfDB on the trade treaty's planning and drafting. Apart from it being the world's biggest free-trade treaty in terms of the populations it covers, it was among the fastest and most intricate set of negotiations, taking just over three years.

Yet conditions could not be more ill-starred. Nationalism, protectionism and populism are thriving on the international stage, with some echoes in Africa. The World Trade Organisation, which should play a key support role, is being marginalised by the US and other big economies.

If prospects for the trade treaty are tough, how much more so for the anti-arms trade campaign with wars raging in Libya, the Sahel, the Horn and beyond? Again, the experts are convening in Addis: Algeria's veteran diplomat Ramtane Lamamra is running a team out of the office of AU Commission chairman Moussa Faki Mahamat.



In fact, the two projects are tightly linked. Even moderate success on the trade treaty would strengthen economies and regional cooperation. UNECA predicts that within two years of the treaty's take-off, Africa's GDP would have grown by $35bn, with local producers replacing some $10bn of goods currently imported from outside the continent.

Can that happen when Africa's second-biggest economy, Nigeria, has shut its land borders to protect its local producers against smuggling? In fact, the treaty, with its stronger monitoring systems, could support Nigeria's bid to block Thai or Vietnamese rice relabelled as local produce. Nigeria is losing billions from contraband imports and illegal exports of its subsidised fuel. Its diplomats are now working with neighbouring states to step up cooperation over these high-stakes problems.

Up close and broken down into their component parts, these mega-projects for 2020 are less utopian than they look. They could achieve incremental gains at a time the region's politics and governance are changing in unexpected ways.

The drive for democratisation and accountability is picking up, inspired by the stellar victories of citizen campaigners in Algeria and Sudan. They have become international models of how mass non-violent protest can change politics. But they are far from one-offs. Over the past two decades, 25 non-violent mass movements have started in Africa according to a recent study in *Foreign Affairs* magazine.

That compares with just 16 in Asia, the second-most active region for mass protest. And those movements, buoyed by youthful demographics and digital media, are picking up momentum and covering all the angles. Politics and economics are more closely tied than ever in Africa. •

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#110 / January-February-March 2020
AFRICA IN 2020

03 EDITORIAL
06 MAILBAG
08 COFFEE WITH THE AFRICA REPORT / Louise Mushikiwabo
10 YEAR IN IMAGES
18 OPINION / Alan Hirsch
20 QUIZ

25 WHAT TO WATCH

The Africa Report's exclusive guide to the year ahead features the worlds of politics, business and culture

FEATURES

48 PROFILES / The rematch

The economy and corruption will be in the spotlight in Ghana's December 2020 national election as President Akufo-Addo and former president Mahama face off again at the polls

60 TECH / Hubs not hype

Africa has more than 600 tech hubs and rising, ranging from incubators and accelerators to co-working sites. While the start-up game is the survival of the fittest, it is also one where community is power

68 WIDE ANGLE / Beijing calling

China is seriously investing in Africa's telecoms and other consumer markets against a backdrop of game-changing geopolitical and ideological competition

76 INQUIRY / Buhari vs. Benin

The border battle between Nigeria and Benin shows the high costs of Buhari's economic nationalism. He wants Talon to change his strategy

86 CULTURE / The Beyoncé bounce

Artists like Burna Boy, Yemi Alade and Salatiel were quick to release their own albums on the back of Beyoncé's *The Lion King: The Gift,* on which African musicians collaborated with the Afrobeats-obsessed star

94 UK/AFRICA

Brexit will alter Britain's relationships with African countries in terms of trade, investment and diplomacy

114 EXTRACTIVES DOSSIER

Licensing rounds in Angola's oil, gas and mining sectors will show how deep Lourenço's reforms run

131 KENYA FOCUS

In search of a holistic way to strengthen the economy and national development

147 COUNTRY PROFILES

Elections will decide the future leaders of fast-growing countries while exporters of natural resources seek diversification

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NIGERIA'S BIGGEST BANE

I agree with these young CEOs that infrastructure is the biggest bane of Nigerian businesses [TAR 109, 'What Nigeria's young CEOs want']. Electricity is unreliable, delivery is unreliable, etc. It is easier to ship goods from China to Lagos than from Kano to Lagos. That is madness, and it has to take an insane drive by the government to improve and sort out infrastructure. When this happens, start-up owners and entrepreneurs can move funds allocated to providing backup for these systemic failures, to doing more in other areas of the business. See how Nigeria has managed to become Africa's biggest economy, in spite of its dearth of infrastructure?

Kola Adaramola,
ex-Jumia staff, Nigeria

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AFRICAN BANKS
get ready for disruption
Pioneering a new Nigeria
32-PAGE SPECIAL

NIGERIA'S MUSICAL EFFORTS PAY OFF

Key players in the Nigerian music industry are becoming purposeful and I am delighted at what the industry stands to gain from this [TAR109, 'Nigeria's musical moment']. I realised that for the music industry to grow, despite poor government support, everyone must pick a purpose and pursue it. [...] The different folds of Mr Eazi's emPawa will change what we call 'industry support' forever. We can't build a thriving industry by giving artists handouts occasionally. But with systematic efforts like emPawa and Mavin's serious-minded structure, we can.

Nauteeq Bello, Music critic

RECYCLED PEOPLE

When you say 'people to watch for the coming year', I expect that the media will focus on young people and not old politicians like Ahmed Lawan who have been in office since 1999 [TAR109, 'People to Watch']. These are the people who set targets of making Nigeria one of the top 20 global economies by 2020. [...] That goal is nowhere near being accomplished, but the same politicians are being recycled in office and now in the media. For me, it is the young people doing incredible things against all odds who should be celebrated.

Sanusi Idris,
Lawyer, Nigeria

BUILDING BLOCKS OF TRUST

Fintech in Kenya is creating a layer of trust in a marketplace that is fraught with corruption, mistrust and cartels [TAR109, 'Kenya, the world's fintech lab']. Trust is the most important ingredient for a successful market. It makes the market predictable and as a result, more stable. [...] Digital lenders came together to further enhance this trust by forming the Digital Lenders Association of Kenya. We wanted to differentiate ourselves from payday lenders in the Western world who prey on high-risk customers and bad players in our own market who are trying to rip off consumers. [...] We have made serious strides with several arms of government and are willing to work with them around issues of consumer protection, regulation, risk-based pricing and taxation.

Kevin Mutiso,
CEO of AlternativeCircle,
Kenya

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LOUISE MUSHIKIWABO FRANK SPEAKER

The head of the francophone countries organisation OIF talks to *The Africa Report* about her multilateral role and her political engagement in Rwanda

Interview by **PATRICK SMITH** in London

It was an away match for Louise Mushikiwabo, a foray to the heart of the British establishment. Chatham House, on London's St James's Square, was home to three British prime ministers before the building was handed over, in the aftermath of the First World War, to academics and diplomats charged with analysing crises and preventing war.

Some 16 years later, the Second World War broke out, one of whose consequences was the coinage of the term 'genocide'. The terrible reality behind the word has shaped Mushikiwabo's life, as it has that of her country since 1994. Her brother Landoald Ndasingwa, a businessman and politician, was killed on the first day of the Rwandan genocide.

Mushikiwabo's invitation to speak at Chatham House was centred on the *Organisation Internationale de la Francophonie* (OIF), to which she was elected secretary general in 2018, but the failures of the international system in Rwanda and neighbouring countries quickly surfaced in discussion. Given Rwanda's decision in 1996 to adopt English as an official language – seen as a not-so-veiled protest against France and its government's role in the genocide – it is remarkable that Mushikiwabo emerged as head of an organisation in Paris to promote the French language.

"It's not a secret that France and Rwanda have had a very, very difficult relationship from the genocide, 25 years ago," Mushikiwabo begins, once we have been ushered into an elegant Chatham House drawing room. She pauses then stresses the double 'very' before allowing an accolade to the current patron in Paris. "I'm very happy that with President Emmanuel Macron there is genuine willingness to bring the countries back together. And I think the key word here is genuine, because there have been attempts before…." Then comes a qualification: "The problem that divided France and Rwanda has not been solved, but there is willingness to advance, to move to much better relations."

'The problem [with France] has not been solved but there is a willingness to advance'

It was shrewd diplomacy on both sides that boosted Mushikiwabo's candidacy to head the OIF. Her personal story helped too: "I fit in every part of the *Francophonie*, I grew up francophone and I switched or learned English, I am sort of a francophone at heart but a citizen of the world, and that's what our organisation is today."

As it has elsewhere, Rwanda ran a formidable lobbying operation. With the backing of the AU, which President Paul Kagame was chairing at the time, the mathematics should have clinched it: 29 of the OIF's 54 members are African. Then, with a smiling understatement, Mushikiwabo adds: "And the support of France and President Macron in particular was a very good thing."

That said, Mushikiwabo is in no doubt that the international system is in crisis: "We need to translate in clear language for our citizens what good multilateralism can do for them […] in terms of fighting terrorism, dealing with climate [change]." The scepticism is understandable: "If they only see our glamorous summits, meetings of ministers, very shiny silk ties, and women in high-heels […] it's not going to speak to them."

The point about relevance is far bigger than public relations: "If we fail, then we will see more and more inward-looking citizens, more and more of these nationalistic tendencies."

A bigger issue for Africa is whether its governments should engage with organisations such as the OIF and the Commonwealth, both with their headquarters in the capital of the respective former colonial power and heavily influenced by it.

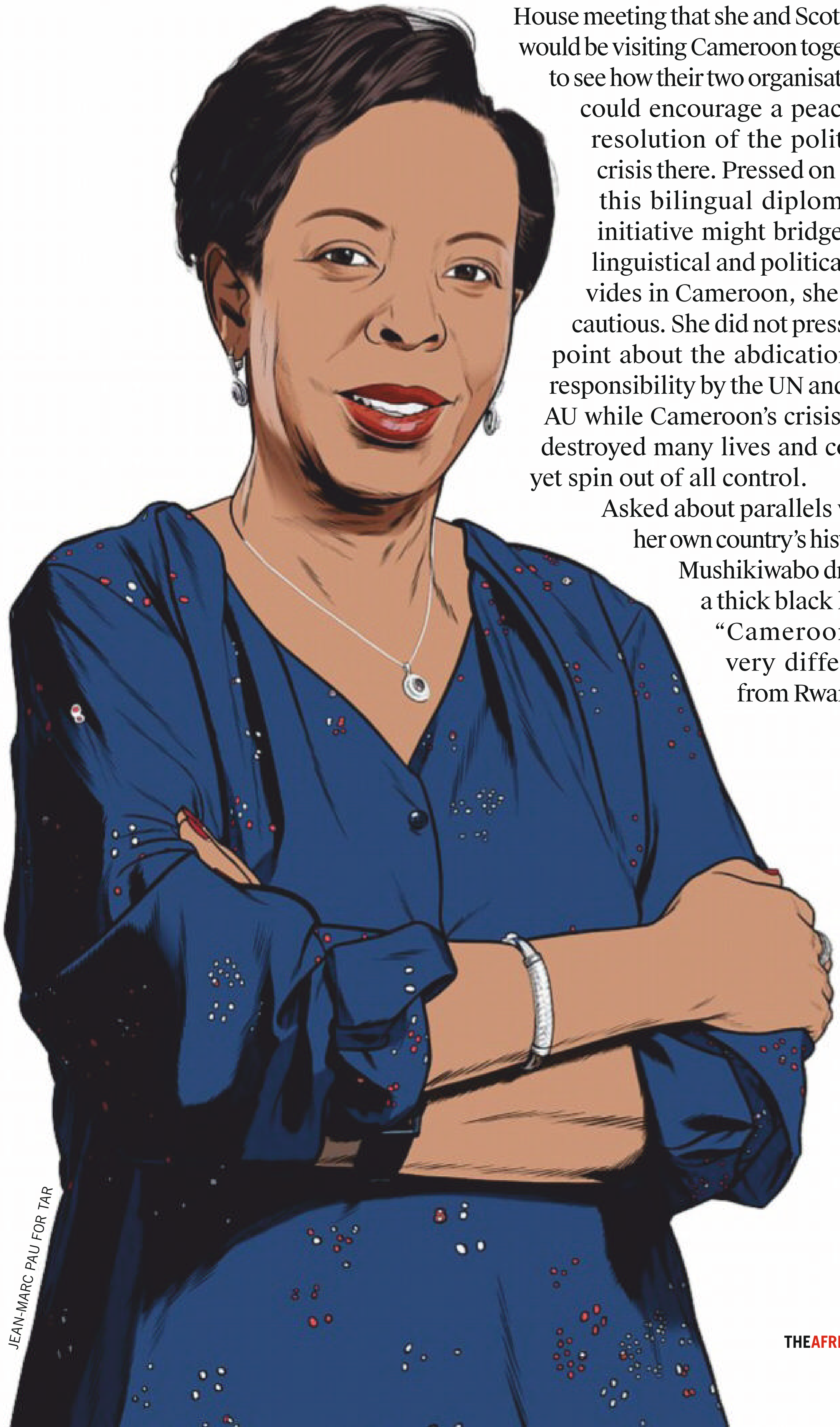
Time for some history: “We came out of colonialism. The French language is not the language of the founders of *La Francophonie*. *La Francophonie* was not created by France. It was created by three Africans and a Cambodian, and founded in Niamey.”

That is the more important point, says Mushikiwabo: “They took something positive out of such a horrible experience as colonialism. They owned the language, used it to educate, to communicate globally, to assert the diplomatic presence of our countries.”

The same point can be argued in favour of the Commonwealth, whose secretary general, Patricia Scotland, Mushikiwabo gets on well with. Rwanda is a member of both organisations. Its joining the Commonwealth in 2009, like its adoption of English, was seen as a snub to Paris.

Mushikiwabo told the Chatham House meeting that she and Scotland would be visiting Cameroon together to see how their two organisations could encourage a peaceful resolution of the political crisis there. Pressed on how this bilingual diplomatic initiative might bridge the linguistical and political divides in Cameroon, she was cautious. She did not press the point about the abdication of responsibility by the UN and the AU while Cameroon’s crisis has destroyed many lives and could yet spin out of all control.

Asked about parallels with her own country’s history, Mushikiwabo draws a thick black line. “Cameroon is very different from Rwanda, where there was a state-backed programme of genocide.”



JEAN-MARC PAU FOR TAR

‘They took something positive out of such a horrible experience as colonialism’

Mushikiwabo’s diplomatic career was far from being mapped out. The consistent thread is her love of languages. “I started thinking I could become an interpreter at the UN. I thought that was quite cool, but I ended up in the political world in Washington instead.”

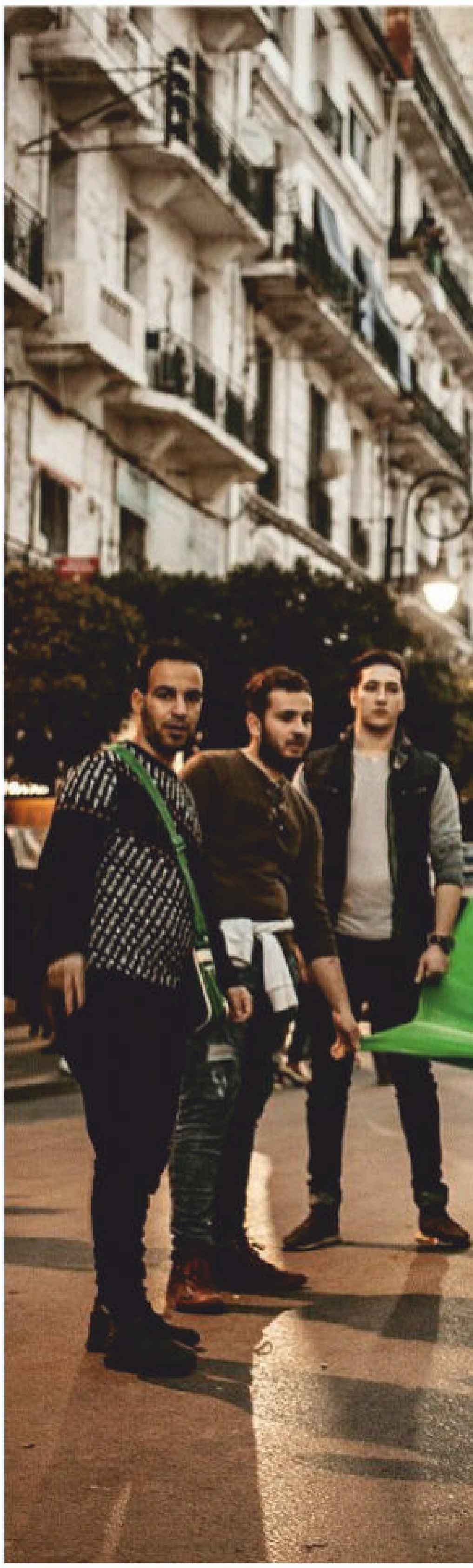
After a stint in the communications department at the IMF, she was spotted by Donald Kaberuka, who had just been elected president of the AfDB. After running communications at the Bank’s headquarters in Tunisia, Mushikiwabo was made an offer she could hardly refuse: to do the same job for President Kagame’s government in Kigali. Within a year, she was appointed foreign minister, where she stayed for a decade. So, has she finished with national politics?

“I’m not away from the national politics, but I’m now acting in a much broader environment. My professional obligations are for many, many more countries than my own.” In other words, no. Mushikiwabo hardly skips a beat before the follow-up: “I come from the political school of Paul Kagame. I remain close to him as a leader who I think is extraordinary.”

As a stream of well-wishers eddy into the room, hands and business cards outstretched, Mushikiwabo prepares for her next meeting. Her earlier bravura performance prompts a thought about the much-raised question of the succession in Rwanda. What job offer might persuade Mushikiwabo to return home? Answers on a postcard please, to the Office of the President, Kigali. ●

Year in images

By revolution or the ballot box it was out with the old and in with the new in Algeria, Sudan and Tunisia. And while Abiy Ahmed, Salva Kiir and Riek Machar gave peace a chance others were busy forging unity with a pan-African trade deal.



DANIEL IRUNGU/EPA/MAXPPP

JANUARY NAIROBI ATTACK Al-Shabaab militants claimed 21 victims during a 19-hour seige at the DusitD2 hotel complex in the Westgate area of Nairobi, prompting a controversial plan to arm private security guards.

NEXT LEVEL
Buhari/Osinbajo

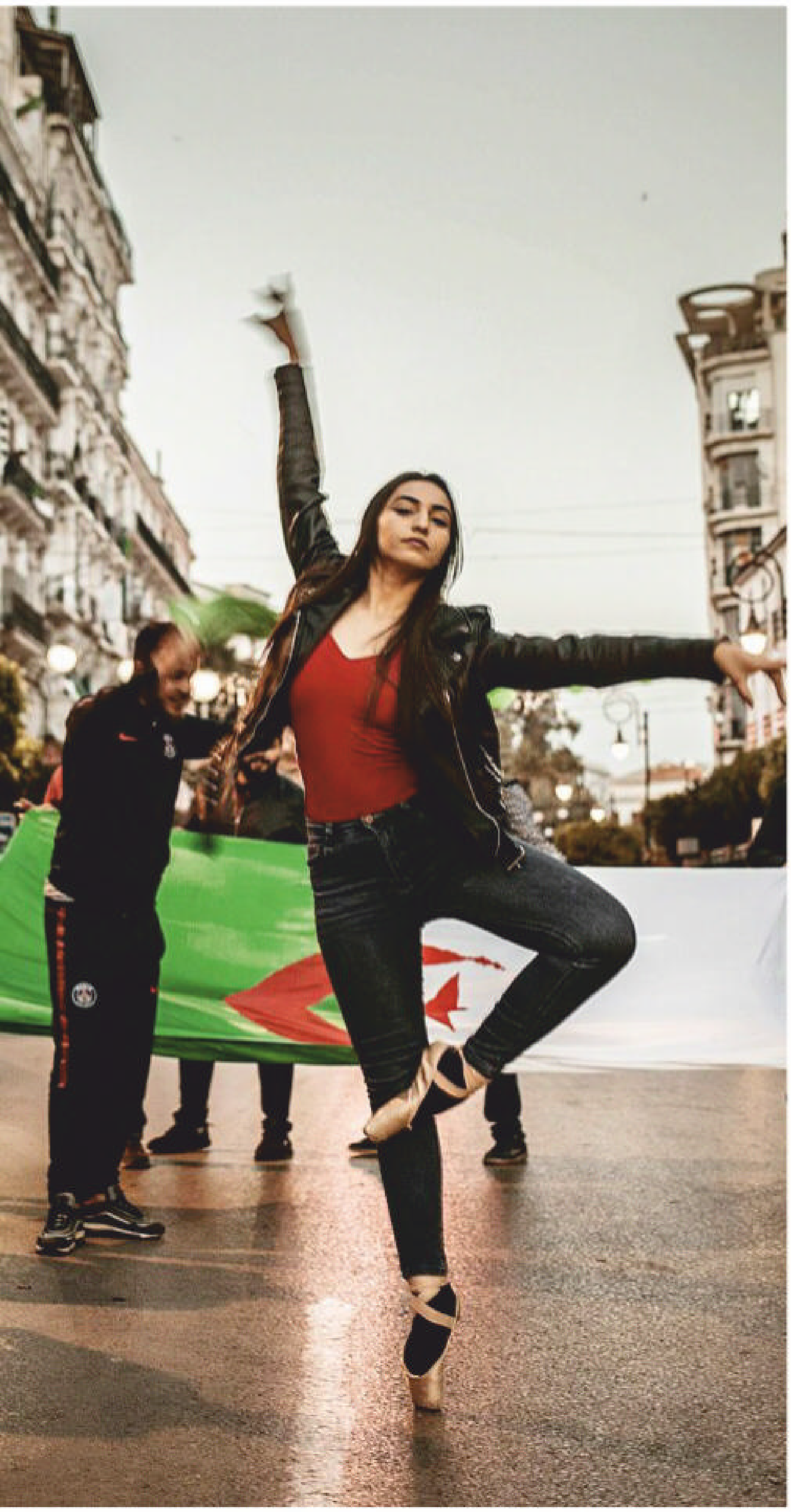
YASUYOSHI CHIBA/AFP

FEBRUARY SECOND HELPINGS In Nigeria, President Muhammadu Buhari and vice-president Yemi Osinbajo held on to power after close-run elections against rival Atiku Abubakar.

JUNE FUEL INJECTION Morocco's already booming auto-manufacturing sector was boosted by French carmaker PSA, who opened a new plant at Kenitra, north of Rabat.

VILLAGE URUGWIRO

MARCH **PRESIDENTIAL PALS** The Africa CEO Forum in Rwanda marked the beginning of a new friendship between President Paul Kagame and the DRC's Félix Tshisekedi. The two countries had long been considered enemies.



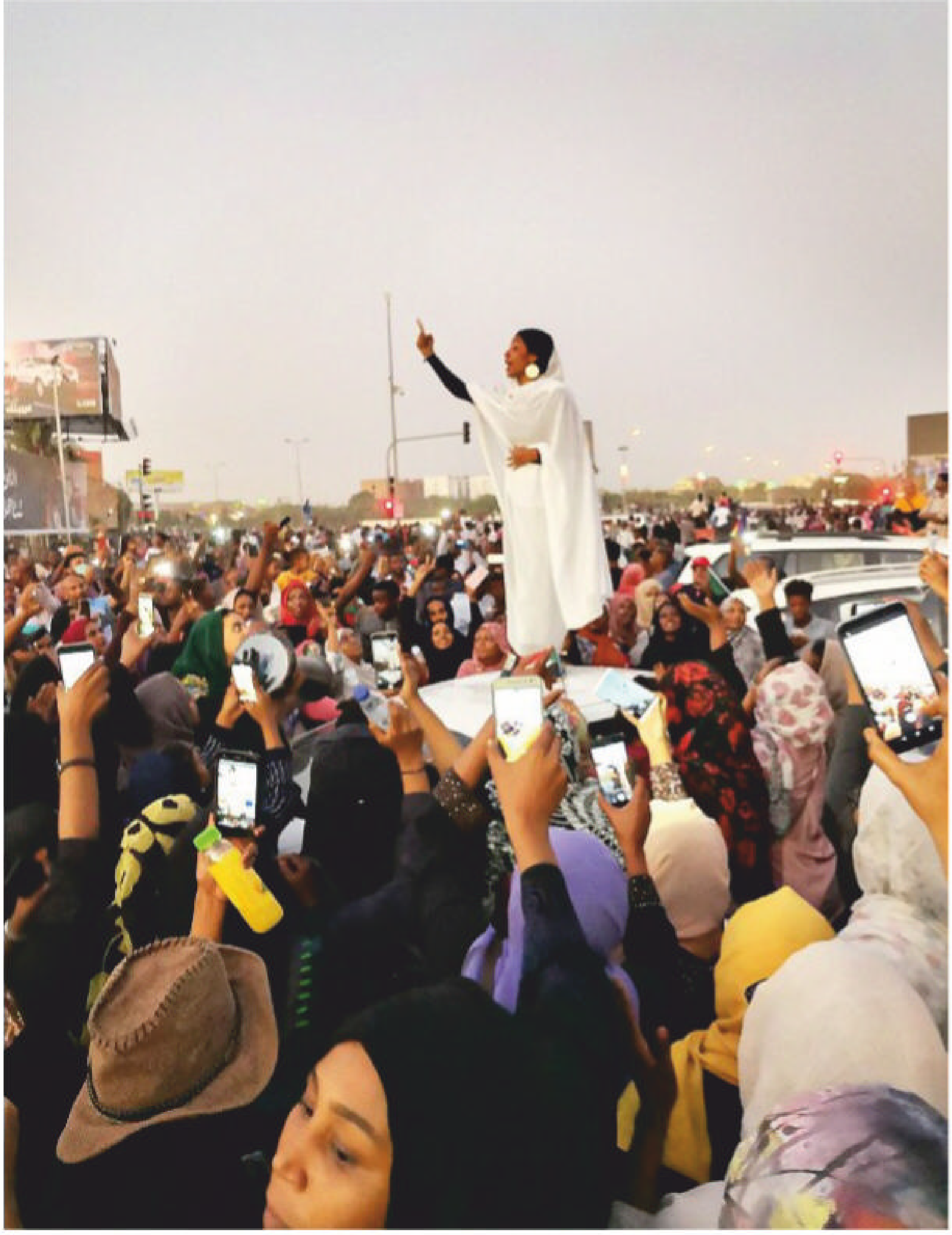
RANIA G

APRIL **MAKING A POINTE** Poetic Protest photographed by Rania G became one of the viral images of Algeria's youth protests, featuring ballet dancer Melissa Ziad. Young people were a key part of the coalition that forced out President Bouteflika on 3 April.

FADEL SENNA/AFP

WALDO SWIEGERS/BLOOMBERG VIA GETTY IMAGES

MAY **LET'S GET DOWN TO BUSINESS** Legitimised by an election, Cyril Ramaphosa was sworn in as South Africa's president and promised a "new era" after the corruption-wracked reign of Jacob Zuma.



LANA H HAROUN/BALKIS PRESS/ABACAPRESS

APRIL SUNSET FOR BASHIR Sudanese protesters camped outside the military headquarters in Khartoum finally saw President Omar al-Bashir's 30-year dictatorship end in a coup, and Alaa Salah became a symbol of the revolution.

APRIL HAFTAR GETS HEAVY On 4 April, with the support of France, the UAE, Saudi Arabia and Egypt, Marshal Khalifa Haftar's LNA troops began an offensive on western Libya and Tripoli.

TAL F EE TRADE
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March 201 | Kigali, wanda
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AFCFTA

MARCH INTEGRATION ROCKS! At the AU summit in Kigali, 44 countries signed an agreement to create the African Continental Free Trade Area. The AfCFTA entered into its operational phase in July.

JULY WINDS OF CHANGE President Uhuru Kenyatta of Kenya inaugurated Africa's largest wind farm, the Lake Turkana Wind Power project. With 365 turbines and 310MW capacity, it marks Kenya out as a leader in green energy.

ESAM OMRAN AL-FETORI/REUTERS

AKINTUNDE AKINLEYE/REUTERS

AUGUST **DANGOTE DELAY** Executives at Dangote announced that the oil refinery under construction in Lekki, Nigeria, would not be completed until the end of 2020 because of problems importing materials.

JULY **BACK TO BLACK** South Africa suffered repeated electricity blackouts in February, July, October and November due to load-shedding by cash-strapped state-run utility Eskom. Analysts say stage 2 load-shedding costs the economy R2bn ($136m) a day.

SUMAYA HISHAM/REUTERS

THOMAS MUKOYA/REUTERS

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MICHAEL TEWELDE/AFP

JULY **BREAKING AWAY** Leaders of Ethiopia's Sidama ethnic group declared they would establish their own state, leading to lethal clashes between activists and security forces.

OCTOBER **NOBEL ENDEAVOUR** Ethiopia's Prime Minister Abiy Ahmed was the surprise winner of the 2019 Nobel Peace Prize for his statesmanship in ending decades of war with Eritrea. On the domestic scene peace is more elusive.

SEPTEMBER **XENOPHOBIA IN THE RAINBOW NATION** South Africans took to the streets to protest a series of xenophobic attacks in and around Johannesburg where rioters looted businesses owned by nationals of other African countries.

AFRICA
UNITED AGAINST
XENOPHOBIA

MICHELE SPATARI/AFP

1924
2019
THE LEGEND LIVES LONG
R.G.M

JEKESAI NJIKIZANA/AFP

SEPTEMBER **HERO TO VILLAIN** Zimbabwe's ex-president Robert Mugabe died in Singapore at the age of 95. The former liberation leader had become increasingly autocratic and was ousted from power after 40 years in 2017.

AKUOT CHOL/AFP

SEPTEMBER
THE PEACE TRACK
In a meeting convened by South Sudan Council of Churches chair Reverend Peter Gai, President Salva Kiir and former rebel leader Riek Machar pledged to form a unity government.

LISE ASERUD/NTB SCANPIX VIA AP/SIPA

ONS ABID

OCTOBER **HONESTY PAYS** Kais Saied, a law professor with no prior political experience, became Tunisia's president in a landslide run-off election. Though socially conservative, he is perceived by young voters as trustworthy, unlike his rival Nabil Karoui.

ADRIA FRUITOS FOR TAR

RAMAPHOSA'S PUZZLE

ALAN HIRSCH
Professor of development policy and practice,
University of Cape Town

The South African economy has been in the doldrums for years. Growth has been so low that per capita income has declined every year since 2013. This is partly due to global conditions, but much more it is a consequence of low levels of investment resulting from policy weaknesses and uncertainty.

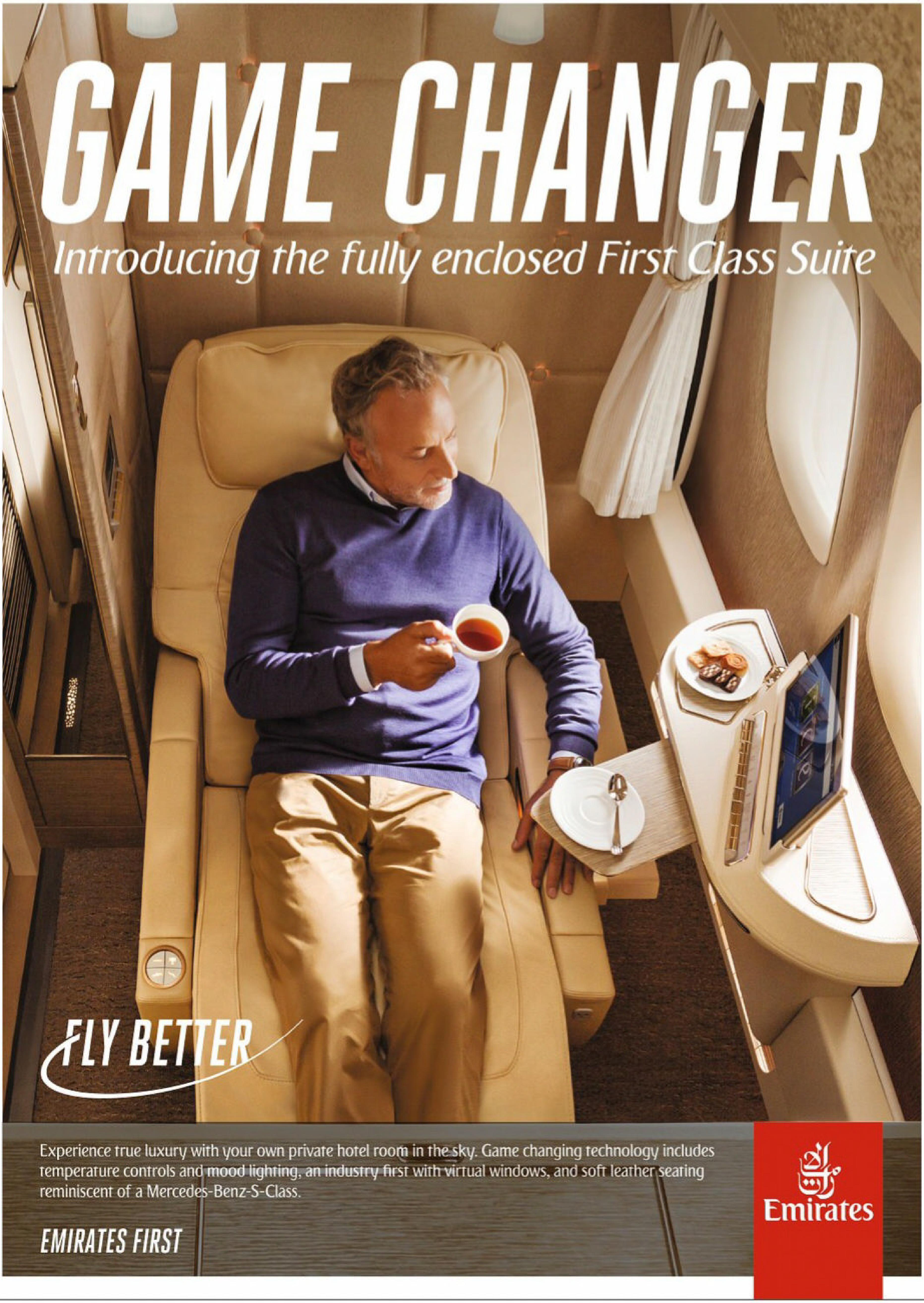
Under the corrupt administration of President Jacob Zuma (2009-2017) huge amounts of cash were stolen from several critical state-owned enterprises. The government lost the capacity to invest, and the private sector lost its appetite.

Since coming to office in December 2017, President Cyril Ramaphosa has presented a programme of reform and has begun to implement it: politicians from his African National Congress (ANC) party have been convicted of crimes; commissions have revealed detailed evidence of corruption; and good appointments have been made in key portfolios. But the general atmosphere of excitement, labelled 'Ramaphoria', has dissipated.

So what's to be done? The economic reform programme seems obvious. There are low-hanging fruit still on the boughs and longer-term, 'wicked' challenges to tackle [complex, often inter-related problems with no right or wrong solution].

Some examples of low-hanging fruit are immigration policy, the digital migration of broadcasting and the allocation of broadband spectrum. Many such reforms have been hampered by years of confusion and disagreement, in some cases because planned rent-seeking has been contested.

The 'wicked' problems are the prickly combination of the need for an energy transition to renewables, rising Eskom debt due to budget over-runs on two new coal-fired power stations, and the rising fiscal deficit and public debt. The debt, partly due to repeated bail-outs of the state-owned enterprises, is now •••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••• expected to reach nearly 70% of GDP by 2022 and is rapidly rising.

Older coal-fired power stations are closing and several more need to go as they are inefficient, massive polluters. Power stations, coal mines and their service providers will close, and several towns will lose their economic rationale for existence.

Talk of reskilling cannot hide the fact that most of the workers in these towns will become unemployed and have no obvious options. The government has to find a way to compensate these workers and communities fairly while allowing renewable energy to replace the old power stations.

The related 'wicked' problem is the fiscal deficit. It will be very hard to bring down the deficit, pay for a just energy transition and restart investment without reducing government expenditure. One major cost is the public wage bill. Public servant salaries grew more than 66% over inflation in the past decade, and there are now 29,000 civil servants paid over R1m ($67,700) a year, representing a doubling of senior appointments. Added to this are rising interest payments on South Africa's debt.

The failure of government to address these 'wicked' problems has led to the downgrade of sovereign debt to junk status by two ratings agencies, and a recent shift to a negative outlook by Moody's, the only agency still giving South Africa investment-grade status.

Is there a way to begin to address these problems and to reassure the ratings agencies and investors that we are moving towards a healthier economic trajectory? Can Ramaphosa retain the support of public-sector employees – a key group of ANC supporters – and manage debt while paying for a just energy transition?

In spite of their fearless finance minister, Tito Mboweni, treasury officials are reluctant to be seen confronting the public-sector unions to renegotiate wage agreements. The unions accept that there are overpaid, under-employed supernumeraries at the top end of the salary scale, but not that the wages of frontline employees are too high.

Perhaps they would be willing to open up the conversation if it includes a deal where all are seen to be contributing to getting government finances back on track, including the rich and big corporations. Gareth Ackerman, chair of retailer Pick n Pay, recently said: "There is enormous goodwill from the private sector […] who are committed not only to further investment but also to partnership with the government to find solutions to our economic challenges."

Magda Wierzycka, the CEO of asset manager Sygnia, suggested: "[An] option is a once-off tax on individuals and corporates. It hurts once but does not prejudice foreign investment. Forget blaming the past. We need drastic solutions." In 2018, the Davis Tax Committee recommended that the government should investigate the feasibility of a wealth tax.

Perhaps there are ingredients for a social partnership deal here. Business and wealthy individuals could contribute more to taxation, perhaps for a limited period, and the public-sector unions could agree to freeze wages temporarily and to allow some restructuring of the labour force to take place. Meanwhile, the government could commit to scale-up investment in social and economic infrastructure, and to reduce expenditure.

Perhaps there are ingredients for a social partnership deal here

There have been attempts at social partnership deals before. The 1998 Jobs Summit, the 2003 Growth and Development Summit, and a series of less ambitious micro-social pacts in 2009 failed for reasons from poor implementation to a lack of trust.

In October 2018, Ramaphosa held a Jobs Summit that brought government, business and labour together. It concluded a detailed agreement on job-creation measures, but even more importantly it agreed to meet monthly under the attentive eye of the president and to be managed by his office. It appears that these meetings are taken seriously by all participants.

Ramaphosa's Jobs Summit Working Committee is the only possible place to conclude a deal. What are its chances? In the deal's favour is that the spectre of externally imposed restructuring is emerging; Ramaphosa's standing and credibility are positive; and the still serious threat of a fightback by the corrupt, populist wing of the ANC means he cannot be seen to fail.

Negatives include the relative fragmentation of organised business and organised labour, the fact that the IMF is not yet knocking at the door, and the potential disruption by the populists in the ANC and more militant unions.

A similar deal is needed for the energy transition. As the different organs of state put out confusing and conflicting messages, the best chance of a comprehensive energy deal would seem to be one accomplished under firm presidential leadership and which successfully addresses the real fears of the coal regions.

The next few months will be critical if the twin 'wicked' problems of escalating debt and energy restructuring are to be cracked. If not, the prospect of further declines in investment and in real income are very disturbing. ●

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Quiz

Young girls plant trees in Addis Ababa, Ethiopia's capital

MICHAEL TEWELDE/AFP

19 questions for 2019

Think you have had your finger on the pulse of African news? The first five people to answer all the questions correctly will receive a year's subscription to our digital edition. Please send your answers to: **quiz@ theafricareport.com** by 1 February.

1 Through cooperation between Ghana and Côte d'Ivoire, how much more per tonne will sellers get for their cocoa?

2 Who was sentenced to 18 months in jail for writing an "obscene" poem about Yoweri Museveni?

3 Which country was accused by the *Financial Times* of cooking its poverty statistics books?
a) Zimbabwe
b) Tanzania
c) Rwanda
d) Egypt

4 Which late African leader said this? "The British were brought up as a violent people, liars, scoundrels and crooks… I am told that [Tony] Blair was a troublesome little boy at school."

5 Who died in a mysterious car crash as his company was under investigation for state capture?

6 Which strong leader used the excuse "I don't know whether someone can sell tomatoes on a top floor" as a reason for cancelling a project to build a multi-storey market?

7 Which African stars were nominated for 2020 Grammy awards in the World Music category?

8 Which Nigerian billionaire promised in 2019 to give away all of his money to charity before he dies?
a) Aliko Dangote
b) Tony Elumelu
c) Abdul Samad Rabiu

9 Which long-serving president said that spy software was too expensive but he would like to use it when accused of using surveillance on his opponents?

10 Which country banned the civilian use of red berets in October 2019?

11 In "The Year of Return", which Hollywood star learned of his Gabonese heritage?

12 How many trees did Ethiopia plant on its world-record-winning day?

13 Which fast-food chain launched its first outlet in Senegal, provoking a social-media fury about its all-female workforce?

14 How many countries had ratified the African Continental Free Trade Agreement by 29 April 2019?

15 Which city is home to the planned new tallest building in Africa, at 80 storeys?

16 Who could not campaign for the Tunisian presidential elections because he was in jail?

17 By what percentage will the African Development Bank increase its capital base?

18 Which Nigerian film could not get an Oscar nomination because it was acted in English rather than a foreign language?

19 Which 2019 African Cup of Nations team had its shoes delivered by a British journalist?
a) Algeria
b) Burundi
c) Chad
d) Djibouti

CÔTE D'IVOIRE

Inclusive growth

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Côte d'Ivoire's numerous economic advancements are plain to see but, as President Alassane Ouattara pointed out, there is still a long way to go on the social front. Efforts are ongoing to improve people's access to basic social services, water and electricity supply, as well as health and education services, and all are a high priority. The Government's 2019-2020 Social Programme (PS-Gouv) is designed to accelerate the pace of social reforms in the country, in accordance with a genuine strategy being implemented in the interest of the many.

CENTRE HOSPITALIER ET
UNIVERSITAIRE DE ANGRE

↗ Alassane Ouattara, President of the Republic of Côte d'Ivoire, and Prime Minister Amadou Gon Coulibaly, officially open the Angré hospital and university centre.

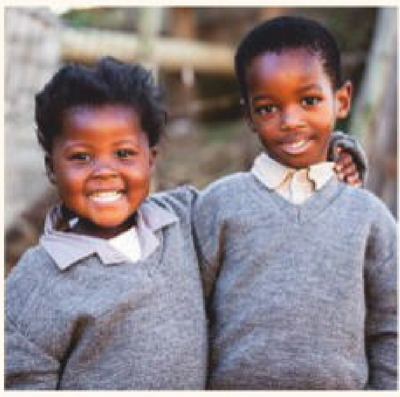
SOCIAL PROGRESS DRIVES THE ACTION

Peace and prosperity for all

The PS-Gouv is intended to strengthen the social programmes already initiated by the government, at a cost of 727.5 billion CFA francs. The programme is structured around five main areas: provide local health services and improve social protection for the population; strengthen school access and retention conditions for children aged 6 to 16 years - especially girls - and improve students' living and educational conditions; promote people' access to housing, drinking water, energy, transport and consumer goods; increase the availability of decent and stable income and employment for youth and women; and create the conditions for the well-being of people in rural areas and ensure food security. The ultimate goal of this programme is to build a prosperous and peaceful Côte d'Ivoire. For all.

Sights set on health and education

The country embarked on its path to prosperity in 2012, with an average annual growth rate of 8.9%, making it one of the most dynamic economies on the continent. The next step introduced by the PS-gouv now seeks to redistribute the rewards of this growth to as many people as possible, with a primary focus on health and education. A lot has already been achieved in recent years. In the health sector, major facilities have been delivered, such as the Angré University Hospital and the radiotherapy and medical oncology centre in Abidjan. Improvements to the country's health coverage are set to continue until 2020, with the construction of around 15 new hospitals and 200 dispensaries expected throughout the country.


© NOLTE LOURENS

PRIME MINISTER AMADOU GON COULIBALY IS RESPONSIBLE FOR CARRYING OUT THE PS-GOUV PROGRAMME

Free healthcare for as many people as possible

The PS-Gouv is committed to continuing this process, while improving the welfare protection of Côte d'Ivoire's citizens. One of the main thrusts of the programme is to intensify targeted free healthcare schemes for pregnant women and children aged 0 to 5 years. The general population is also likely to benefit from this for the first 48 hours of emergency medical and surgical care or for malaria treatment. There is already an Expanded Program on Immunization (EPI) that must now be scaled up to cover all children, from 0 to 11 months, so that they can be protected against 13 diseases, as well as all pregnant women and their children yet to be born. The government also plans to strengthen and expand social safety net coverage for recipients. At the end of 2018, there were 50,000 households covered, and this figure is expected to more than double in two years' time.

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↗ Social security coverage was provided to 50,000 households in 2018 and will double by 2020.

Universal healthcare coverage

However, the government's healthcare priority remains the gradual roll-out of Universal Health Coverage (CMU – Couverture Maladie Universelle). Aimed at covering the cost of medical treatment, the system is financed by a flat-rate premium of 1,000 CFA francs per month and per person. It was introduced in March 2014 and currently covers only 5% of the population. The PS-Gouv target is 17% by 2020. Any person residing in Côte d'Ivoire will then be entitled to reimbursement of up to 70% of their medical expenses, and 100% in the case of the most disadvantaged people. To round off the scheme, the government wants to make medicines available throughout the country, with at least a 30% reduction on the prices of items sold to the public and private sectors.

© ADIMGUZHVA - STOCK.ADOBE.COM

↗ Targeted free healthcare programmes will be introduced for pregnant women.

The education challenge

The government of Côte d'Ivoire has also turned its attention to education. There is still a long road ahead for the country in this regard. In 2015, the country's primary school completion rate stood at 63.1%, in comparison to the continent-wide rate of 72.6%. Côte d'Ivoire has a population of 23 million, of which 40% is under 14 years of age. Every year, nearly 5 million young people in Côte d'Ivoire go to school, supervised by nearly 100,000 teachers. Knowing that the country's population is set to double by 2050, the challenge ahead is staggering for the government, which is aware of these shortcomings and has spent more than 700 billion CFA francs since 2012 to address them. This budget has already funded the upgrading and construction of schools, as well as the recruitment and training of more than 15,000 additional teachers.

FIGURES

100%
increase in the number of doctors and midwives since 2012.

15
new hospitals are planned across the country.

180
billion CFA francs will be invested in each of the country's future universities .

5
kilomètres will be the maximum distance between healthcare centres and the populations they serve, as requested by the government

2,291
billion CFA francs went into the government's social commitments in 2018, which is 8.8% of GDP.

900
schools will benefit from programmes to improve the living conditions of their students

70% AND 100% COVERAGE OF MEDICAL EXPENSES FOR THE MOST DISADVANTAGED POPULATIONS

CÔTE D'IVOIRE

Inclusive growth

Building on the PS-Gouv

To further improve the school system, PS-Gouv plans to continue hiring teachers for all grades of public primary and secondary education. It is estimated that more than 10,000 professors and teachers are needed to fill the gap by the end of 2020 at the latest. The programme also announces various measures to equip schools with desks, so that they can boost capacity in the classroom capacity. Nearly 250,000 desks will be acquired by the various institutions within two years. In parallel, a latrine development scheme has been launched to ensure that all schools are equipped with latrines by 2020, compared to less than 33% at present.

Classrooms, colleges and high schools for all

The issue of universal access to education, which is enshrined in the National Development Plan (NDP), is currently on track. The school enrolment rate for children aged 6 to 16 years has increased from 75% in 2007 to nearly 95% ten years later. Between now and 2020, the various programmes set up by the government plan to open more than 3,400 additional primary school classes, as well as to build 40 community colleges and seven high schools, in order to garner a few more percentage points over the coming months. By achieving all these objectives within the next two years, Côte d'Ivoire will surely consolidate the significant progress it has already made in many sectors and be a step closer to the economic emergence announced by its government and which, thanks to the PS-Gouv, promises to benefit all Ivorians.

© JACQUES TORREGANO/DIVERGENCE

↗ Abidjan university campus.

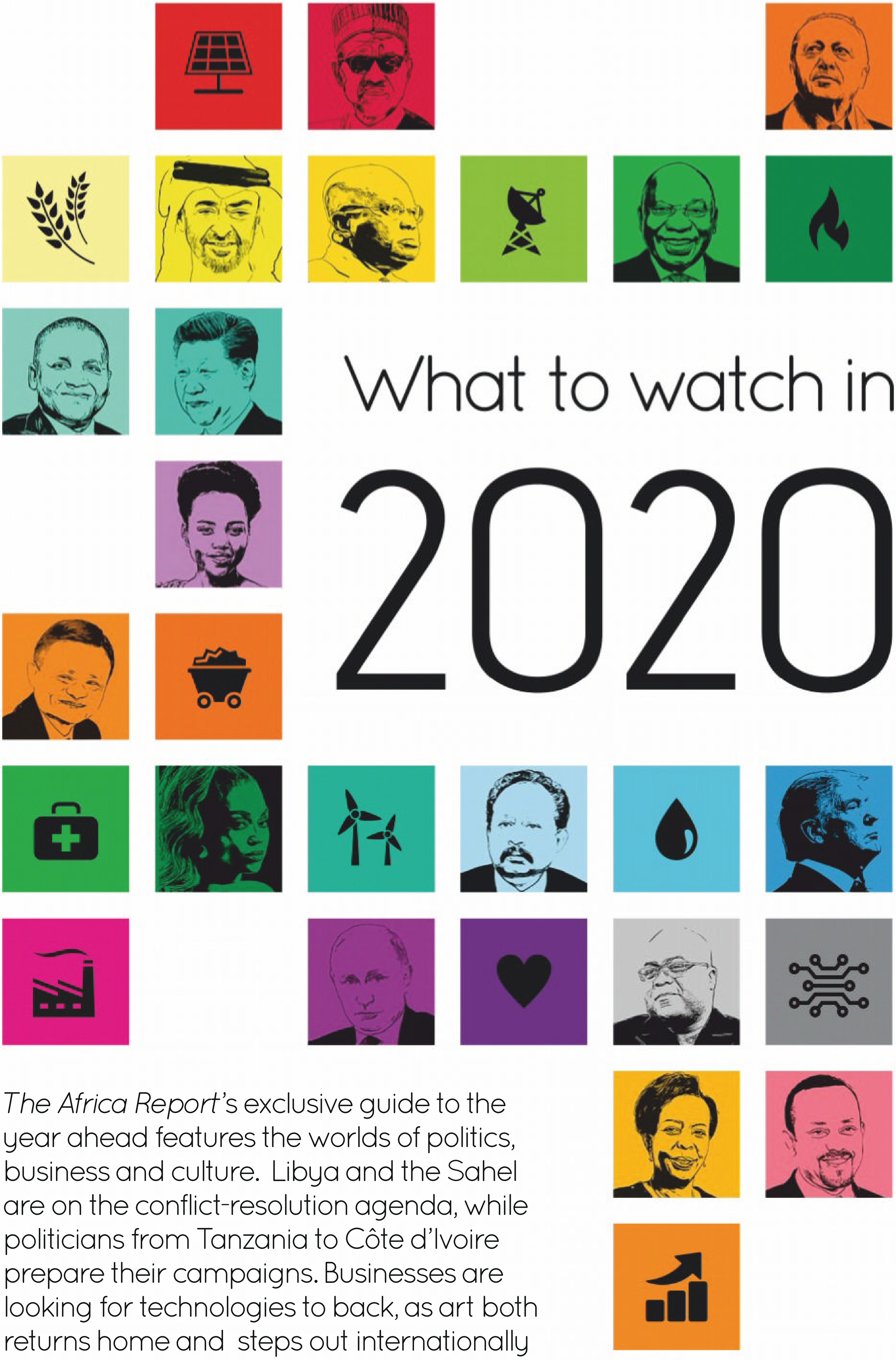
ACADEMIC AMBITIONS

In 2014, in addition to the PS-gouv, the Ivorian government launched a vast programme to rehabilitate the country's university centres, particularly Abidjan. Apart from the three regional higher education units (URES) in Bouaké, Daloa and Korhogo, which have been converted into autonomous universities, eight other regional centres will open their doors. The Man University was opened in 2017, while the future Bondoukou and San Pedro Universities, currently under construction, are expected to open in 2020. Other centres will gradually be established in Abengourou, Adiaké, Dabou, Daoukro and Odienné.

© RENAUD VAN DER MEEREN/LES ÉDITIONS DU JAGUAR

95% OF CHILDREN AGED 6 TO 16 ATTEND SCHOOL AND BY 2020, THE NATIONAL DEVELOPMENT PLAN AIMS TO ACHIEVE 100% ENROLMENT

DIFCOM/DF - PHOTOS: PRESIDENCY OF THE REPUBLIC OF CÔTE D'IVOIRE UNLESS OTHERWISE MENTIONED.



What to watch in 2020

The Africa Report's exclusive guide to the year ahead features the worlds of politics, business and culture. Libya and the Sahel are on the conflict-resolution agenda, while politicians from Tanzania to Côte d'Ivoire prepare their campaigns. Businesses are looking for technologies to back, as art both returns home and steps out internationally

EUC-REA; R. SACHS/ZUMA/REA; V. FOURNIER/JA; XINHUA-REA; D.NIVIERE/SIPA; M.HUTCHINGS/REUTERS; S. DAWSON/BLOOMBERG VIA GETTY; ACF/JA; S. SHRESTHA/ PACIFIC PRESS/ZUMA/REA; UN PHOTO/ESKINDER DEBEBE; T.J. KIRKPATRICK/THE NYT/REA; D. BEDROSIAN/ZUMA/REA; UN PHOTO/RI. BAJORNAS; K.NIETFELD/ZUMA/REA; HAMILTON/REA; ABC / BACKGRID UK VIA BESTIMAGE

AFRICA IN 2020

How to get a seat at the table

With the US in retreat from its role as global policeman and the rise of powers like China, India and Turkey, the world is entering a long-term shift toward a multipolar balance of power. African governments should be able to play one side off the other in order to get a better deal.

Some already are. Tanzania's President John Magufuli has shown that he can apply his tough negotiating skills to all comers. He has already forced Canada's Barrick Gold into a $300m settlement to pay off outstanding taxes for Acacia Mining.

When talking about a planned $10bn new port at Bagamoyo in June, he denounced the "tough conditions that can only be accepted by mad people. They told us once they build the port; there should be no other port to be built." The investors, in this case, were Chinese.

Sadly, the resolve of Magufuli is the exception, not the rule (although *The Africa Report* is keen to point out that while we are a fan of his resoluteness in getting a good deal for his country, we abhor his pursuit of media critics).

Most African governments are not yet taking a tougher line. On the eve of the Russia-Africa summit in Sochi, a Cameroonian executive recently lamented to *The Africa Report*: "This is ridiculous. Africa is the only continent where you will see 40 or 50 heads of state with each of these conferences that the major powers hold. It needs to stop. You do not see leaders from other continents behaving in this way."

Russia's increasing influence in the conflict in Central African Republic highlights the weak role African negotiators are playing in hard-power politics. Despite rhetorical commitments to an African peace and security architecture backed by an African rapid response force, progress is glacial. Global powers are calling the shots in the Libyan peace negotiations, while Turkish and Chinese drones are battle-tested in the skies above Tripoli.

The AU force in Somalia has struggled to improve security. African mediators have proved more effective on less-charged conflicts, like with ECOWAS's seemingly successful intervention in Guinea-Bissau.

On the economic front, while Western complaints about China's 'debt-trap diplomacy' are on the rise, relations between Beijing and certain African countries are changing. President Xi Jinping has spoken out about not wanting to lend money for African "vanity projects", and the Chinese government funders have refused to bankroll a third phase of Kenya's standard gauge railway until it is convinced that it can make the money to pay back the loan.

For Africa to be able to push back, it needs to build up the right muscles

But some African governments are also getting more robust on China too. Kenyan lawmakers are starting to criticise the railway. The Central African Republic's government has blasted the environmental practices of Chinese mining companies.

In November, the former head of the UN Economic Commission for Africa, Carlos Lopes, wrote about other tough African negotiating stances: "Another extraordinary example of collective political resistance can be observed in the trade discussions taking place between Africa and Europe. [...] Almost 20 years into the negotiations, only 15 countries have signed them."

For Africa to really be able to push back, however, it is going to need to build up the right muscles.

It could start with its continental diplomatic voice, currently funded by foreigners. Rwanda's President Paul Kagame pushed through reforms when he held the rotating presidency of the AU in 2018, including membership dues.

It is a tough position to be in: African diplomats want a bigger voice in continental and international debates, but African governments are unwilling to bankroll the institution that was created to protect their interests. Donors paid 59% of the AU's 2019 budget.

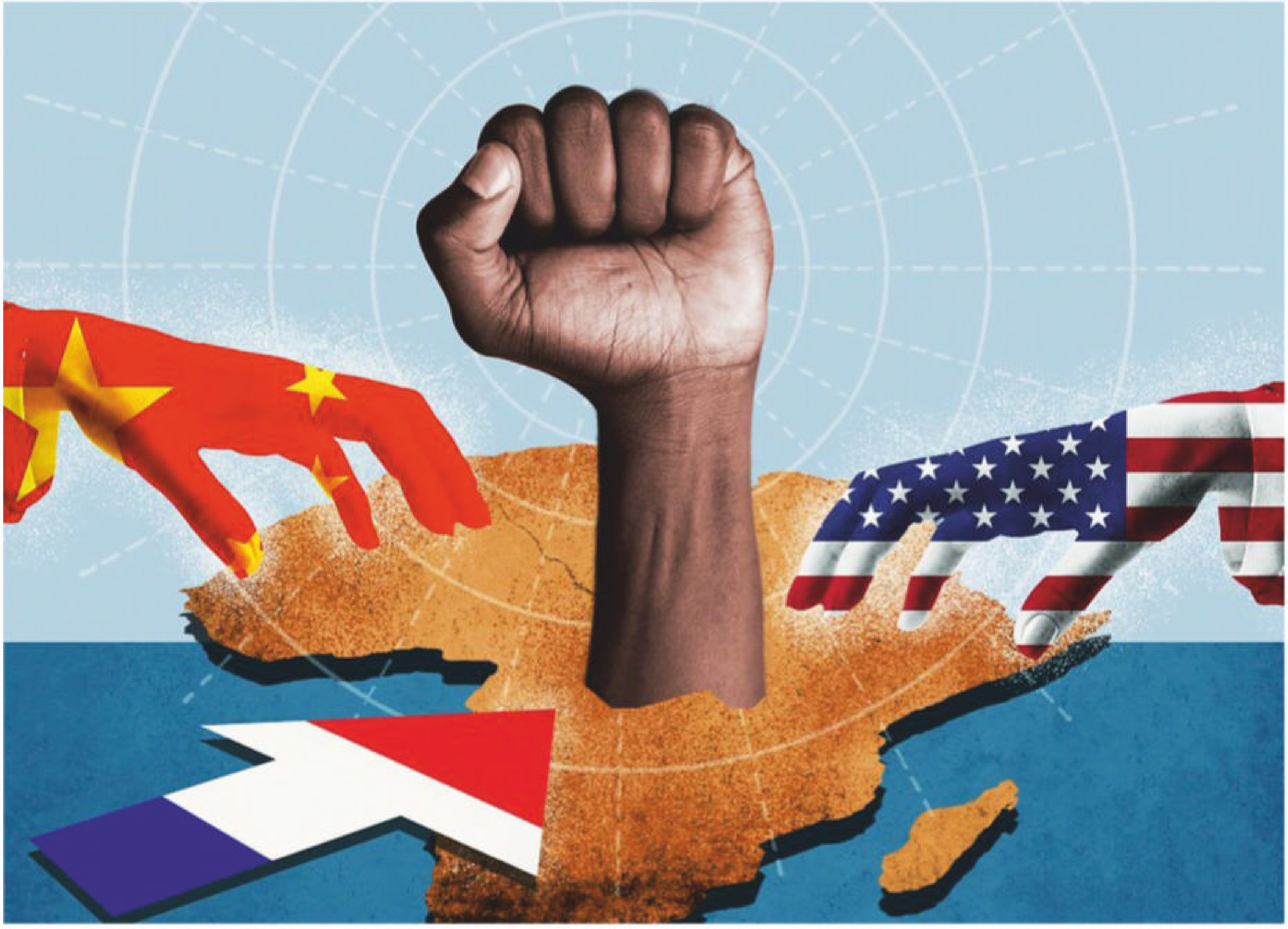


ILLUSTRATION BY RAFAEL RICOY FOR TAR

Next, Africa's financing. The continent's infrastructure funding comes from three main sources: Western governments and multilateral institutions; African institutions; and China, according to the Infrastructure Consortium for Africa.

AfDB president Akinwumi Adesina scored a big victory in 2019 by winning over reluctant international shareholders to increase the capital base of the pan-African institution by 125% to $208bn. That will allow it to vastly increase its commitments to electricity, transportation and technology investments. And just weeks earlier, it signed a cooperation agreement with the BRICS-backed New Development Bank, which seeks to be a counterweight to the Western-controlled IMF.

A clutch of African governments have big hopes about the promise of free trade on the continent as a means to strengthen ties, build economic interdependencies and shelter the continent more from potential global economic shocks.

One big bellwether for the continent's diplomats is the development of the African Continental Free Trade Area (AfCFTA), which is due to begin operations in July of 2020. With many governments looking inward at fixing problems at home, the AfCFTA offers the potential for benefits across the continent. The challenge will be in striking a compromise that will spread advantages amongst countries big and small, landlocked and coastal. That will surely keep African leaders busy at work for much of the year ahead.

There are equally critics out there who doubt the ability of Africa's leaders to agree on a way forward and then put it into practice. And its not just those suffering from Muhammadu Buhari's closure of the Nigeria-Benin border.

Tanzanian businessman Mohammed Dewji, who is investing more and more outside of his home base, says that there is too much hype about the AfCFTA and that governments are not respecting the previous deals that they signed up to. He tells *The Africa Report*: "I don't want to seem like a pessimist but before we go and discuss the Africa trade agreement, we East Africans have the model in place, which is the East African Community. You are talking about six countries – Tanzania, Kenya, Uganda, Rwanda, Burundi and South Sudan. What was the agreement? Common external tariffs harmonised. But they are not harmonised."

Perhaps the way forward is with ad hoc groupings around a set of clear economic incentives. One such may be seen in the cooperation between Ghana and Côte d'Ivoire, two of the world's top cocoa producers, also pointing a way forward for more practical cooperation in extending the continent's economic power.

In July, the two governments imposed a $400 surcharge on a tonne of cocoa sold in order to support higher revenue for cocoa farmers. These interventions are possible because of the governments' strong roles in the industry. Bringing other sizeable African cocoa producers that do not have big state institutions in the sector – like Nigeria and Cameroon – will prove difficult.

But the fact that competitors are finding a way to work together – rather than race to the bottom – is a template that policymakers could look to in order to get better deals. ●

Elections

Heading for the ballot box

After 2019's year of big elections – Nigeria and South Africa went to the polls – 2020 promises more of the same, with votes seen as referendums on the policies of incumbent governments including in Ethiopia, Ghana and Tanzania. Meanwhile, votes in states in conflict, like Burundi and Burkina Faso, will be key in shaping how the fighting will play out.

Abiy Ahmed has promised a free and fair election

OFFICE OF THE PRIME MINISTER OF ETHIOPIA

Burkina Faso

Security is set to be the top political issue as President Roch Marc Christian Kaboré runs for re-election in November. Jihadists and rebel groups now control about a third of the country's population, and military-focused solutions have not worked. A November attack on a mining convoy was a first major attack on a civilian target, and it killed 38 people. Some of former president Blaise Compaoré's allies, like former transport minister Gilbert Noël Ouédraogo, are planning to make their comebacks in 2020. Opposition leader Zéphirin Diabré of the *Union pour le Progrès et le Changement* is likely to be Kaboré's most serious challenger.

Burundi

The country has yet to recover from the political crisis surrounding President Pierre Nkurunziza's controversial run for a third term in 2015, which led to a coup attempt and a return to conflict just 15 years after the end of the civil war. Nkurunziza says he is now ready to retire, but the party backing him has yet to have its final say and could try to nominate him again. With Nkurunziza's departure still uncertain, none of his allies have yet come out to say that they are interested in replacing him. The longer the wait for clarity on what will happen, the more hectic the May polls are likely to be. With many opposition leaders in exile, former rebel Agathon Rwasa looks like the strongest opposition candidate. Any opposition candidate is likely to have a tough time campaigning because of the influence of the ruling party's Imbonerakure militia. Its backing will be important for whoever wants to replace Nkurunziza.

Côte d'Ivoire

Will he stay or will he go? President Alassane Ouattara, 77, says he does not want to run again in 2020 and that the constitutional amendment adopted in 2016 allows him to run for two more terms. He says, however, that if his generational peers – Laurent Gbagbo, 74, and Henri Konan Bédié, 85 – are in the race, he will be too. Gbagbo's legal worries at home and abroad are likely to keep him out of the race, but Bédié – who is trying to whip up xenophobic sentiment – seems set to take his chances. Bédié and Ouattara have broken their alliance formed in the contested 2010 election, so it might be difficult for any of the three major parties to claim victory in the first round of the vote. Strategic alliances could decide the victor.

A choice between members of the old guard will not make the young guns happy. Former national assembly president and *Forces Nouvelles* rebel leader Guillaume Soro is warning that there could be trouble if the ruling party tries to use the powers of incumbency to win the vote.

Ethiopia

Ethiopia's model of ethnic federalism will be put to the test by Prime Minister Abiy Ahmed's political and economic reforms in May's legislative vote. With strong-arm tactics and a system that favoured the incumbent, the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) government and its allies won all 547 parliamentary seats in the 2015 vote. Much of the opposition had been banned but now oppositionist Birtukan Medeska is in charge of the electoral commission.

Meanwhile, Abiy is attempting to meld the five ethnic-based parties in the EPRDF coalition to support a new national party called the Prosperity Party. That is proving a hard sell for the Tigray party, which enjoyed disproportionate influence under the leadership of former premier Meles Zenawi, and Abiy's Oromo people, the country's largest group.

Amadou Gon Coulibaly could run in Côte d'Ivoire

ISSAM ZEJLY/TRUTHBIRD STUDIO FOR JA

John Magufuli's CCM party remains popular

MICHELE SPATARI/AFP

Faced with an uptick in violence that seeks to protect ethnicity-based territory and control, Abiy is using some of his predecessors' authoritarian tools. He could face more problems if the May 2020 vote is not held on time or is not seen as free and fair.

Ghana

The December 2020 general election (see page 48) will be a presidential re-run, with Nana Akufo-Addo competing against John Dramani Mahama. But this time, the roles are reversed: Akufo-Addo is president and former president Mahama is the face of the opposition. In 2020, the government's finances are in much better shape than they were in 2015, but how about the people's? Headline economic growth is rising rapidly due to the oil and gas sectors, but little of that trickles down to the average citizen. The government's free senior high school programme and rural industrialisation efforts are designed to share some of the wealth around. But the government's handling of poorly negotiated energy deals means that it now has more electricity than it can use and is wasting hundreds of millions of dollars per year. Mahama's government was voted out due to its poor performance, and his election would be a first for the country, which has never brought back a leader voted out of power. Each of them have about a year's time to make their case that they have the strategies to put Ghana on a good path.

Seychelles

The presidentials planned for late 2020 represent *Linyon Demokratik Seselwa* coalition leader Wavel Ramkalawan's best chance to unseat the former single-party and President Danny Faure. He has been leader of the opposition since 1998, and he and his allies chipped away at the ruling United Seychelles Party's support until it won a majority in the 2016 legislative vote. Ramkalawan is campaigning on a platform of doing more to help poorer families.

Tanzania

After the opposition boycotted the November 2019 local elections due to claims of government interference, President John Magufuli may be unopposed by his principal rivals in the October 2020 vote. The former public works minister known as the 'Bulldozer' is crushing debate and limiting civil society activity in order to strengthen the ruling *Chama Cha Mapinduzi* (CCM) party. But the CCM remains popular at the ballot box, as populist Magufuli takes on multinational mining companies he says give Tanzania bad deals. The opposition *Chama cha Demokrasia na Maendeleo* has been weakened by legal cases, with its leader Freeman Mbowe and others on trial for sedition. It is in Zanzibar, home to years of contested elections, that the ruling party is likely to have the most difficulties in the election to come.

Togo

Having finally agreed to change the constitution to impose term limits, President Faure Gnassingbé is set to win April's vote against a divided opposition. He will be campaigning on his economic achievements, which focus on turning Togo into a strong logistics hub serving its landlocked neighbours. Since getting the government to accede to some of its demands, the opposition coalition has broken up and shows no signs of reuniting. They say the constitutional court and the electoral commission must be reformed. ●

Libya

Foes and mediators are Berlin bound

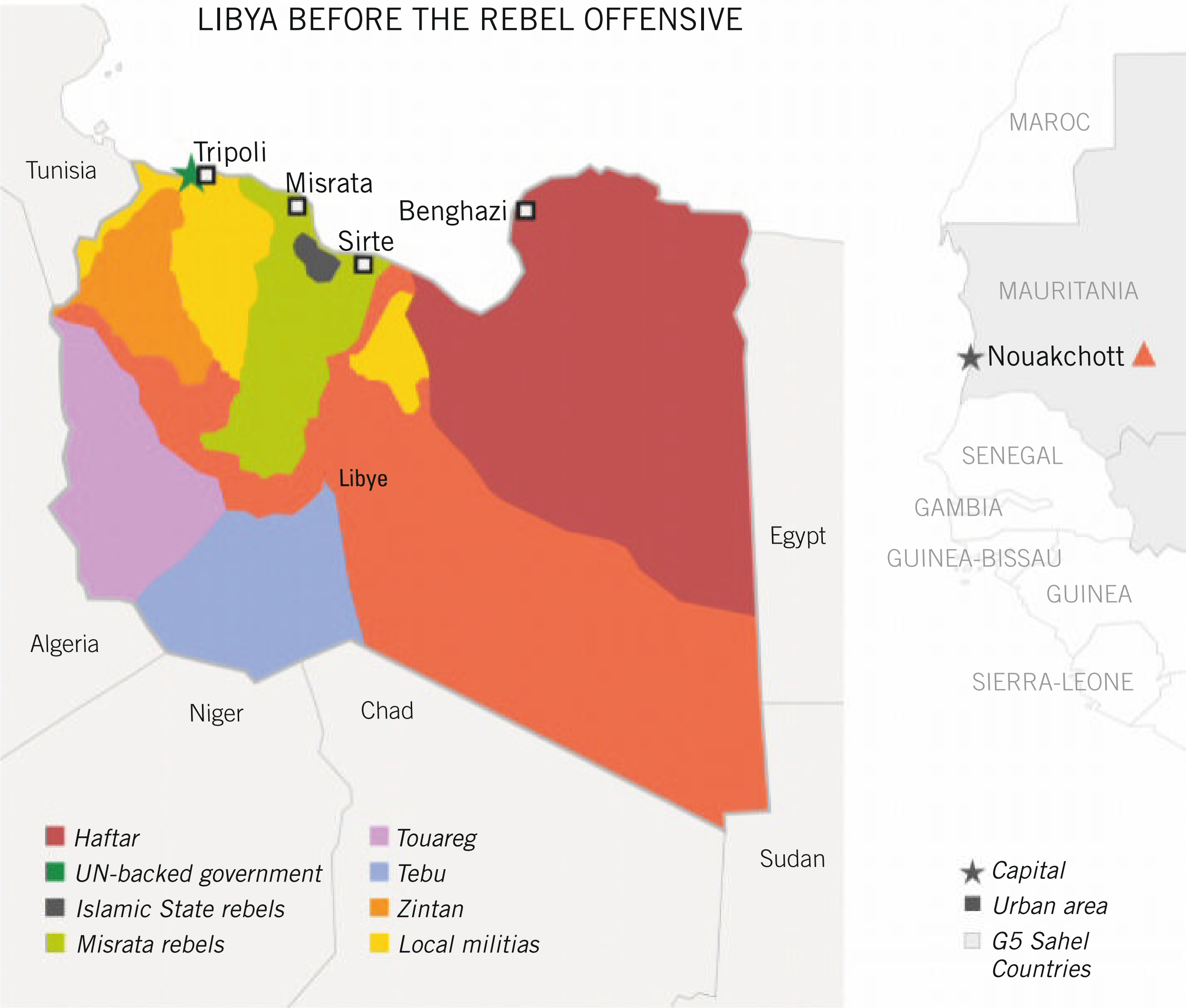
Early in 2020, a group of mortal enemies are due to gather in the grandest conference centre in Berlin to chart the future of Libya. Berlin has historical resonance for Libya on two counts, neither of them auspicious: the Congress of Berlin in 1874 tried to broker a peace deal between Russia and Turkey over control of the Balkan states in Europe; and the Berlin Conference of 1884-1885 carved up swathes of African territory between predatory European states.

Both failed in their ultimate aims, creating more chaos and wars in their wake. So hopes that this conference can stop the war for Tripoli start from a low base. Just as European rulers wrangled over Congo's riches in 1884-1885, the US, Russia, France, Italy, Turkey, Qatar, Egypt, Saudi Arabia and the United Arab Emirates (UAE) all stake a claim to the future of Libya today.

Most striking is the absence of African states, individually or collectively, at the negotiating table. Marginalised by the UN Security Council when the North Atlantic Treaty Organisation decided to bomb Muammar Gaddafi into submission in 2011, African states are missing in action again.

Instead, at the centre of the war for Tripoli are some arcane Euro-Arab rivalries. Holding the Libyan capital is the Government of National Accord of Fayez al-Sarraj, recognised by the UN as the legitimate power. Italy and Britain give Sarraj diplomatic backing. Qatar and Turkey, as regional supporters of the Ikhwan (the Muslim Brotherhood), have sent in arms, cash and drones to help Sarraj's war effort.

LIBYA BEFORE THE REBEL OFFENSIVE



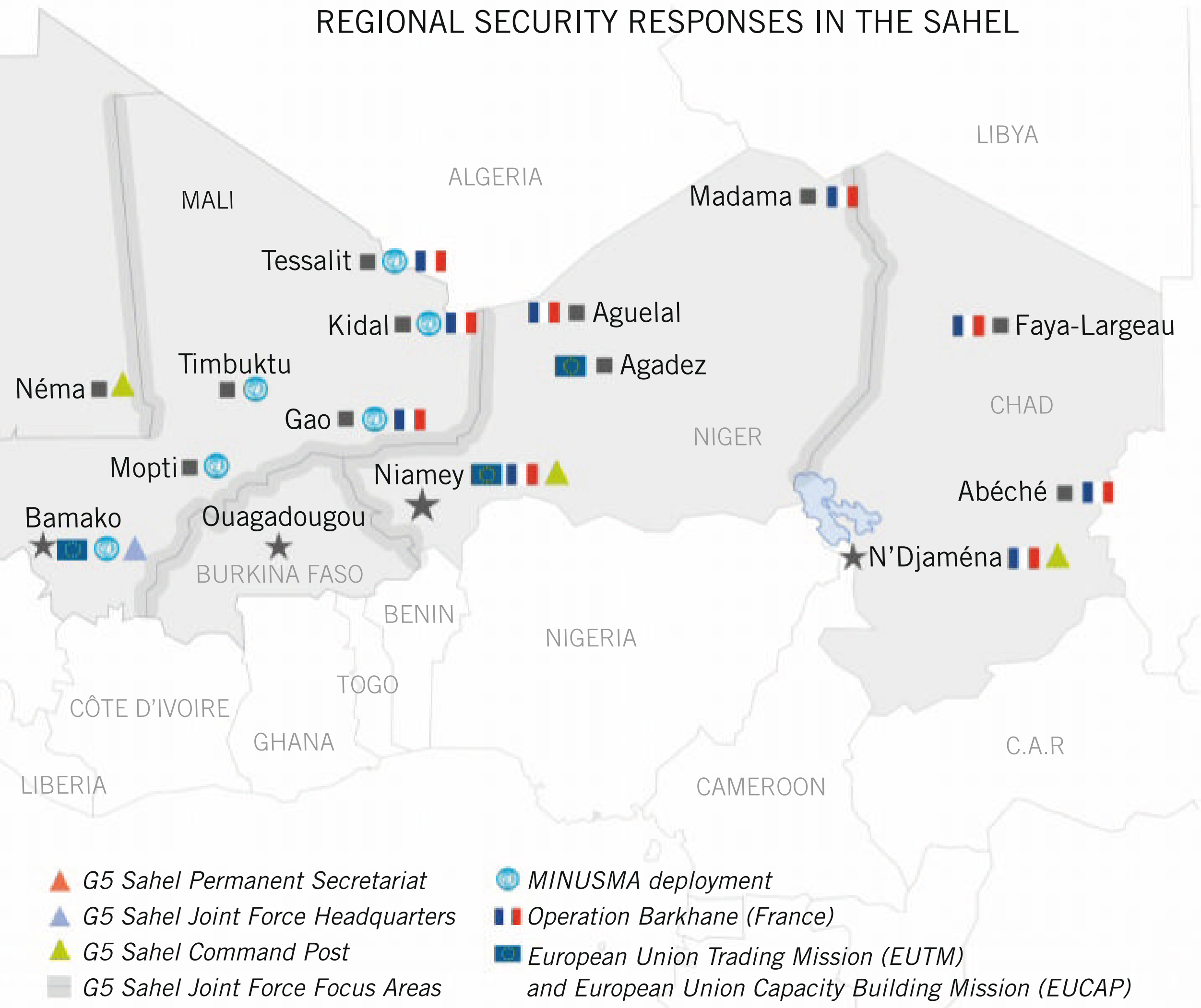
Egypt's Ikhwan-phobic leader Abdel Fattah al-Sisi is backing the rogue general Khalifa Haftar and his Libyan National Army, leading the siege of Tripoli since April 2019. Prior to the Haftar offensive, diplomats had been working on a national conference that had the goal of organising a national vote for parliament and the presidency. Along with Sisi, the UAE's Mohammed bin Zayed and Saudi Arabia's Mohammed bin Salman are bankrolling Haftar's mercenary army and flying bombing sorties over the city and its environs.

The other three powers on the ground – France, Russia and the US – appear to back both sides as the standoff drags on. At one point, France's diplomats, spies and generals were pursuing mutually contradictory policies. To pacify Italy, Paris has pulled back from its support for Haftar. Now, like Germany, it is talking about a political solution.

At the UN Security Council, Moscow backs the Sarraj regime. Russia's foreign minister Sergei Lavrov has met Haftar numerous times without giving his formal support. But on the ground, Yevgeny Prigozhin, a business ally of President Vladimir Putin, has sent his Wagner Group mercenaries to back Haftar. Who is paying for the Wagner mercenaries is an interesting question.

Although US President Donald Trump has spoken with Haftar several times and is close to his main backers, State Department officials have warned about the rogue general. Haftar lived in Washington for much of the 1980s-1990s on a CIA stipend, drawing up madcap plans to overthrow Gaddafi. When Gaddafi fell, Haftar was thousands of kilometres away.

Neither Sarraj nor Haftar command much popular support in Libya. There is popular support for a credible bid to end the war – but the disarray among the powers backing the Berlin conference does not inspire confidence. ●


REGIONAL SECURITY RESPONSES IN THE SAHEL

MALI
ALGERIA
LIBYA
Madama
Tessalit
Kidal
Aguelal
Faya-Largeau
Néma
Timbuktu
Agadez
Gao
CHAD
NIGER
Mopti
Niamey
Abéché
Bamako
Ouagadougou
N'Djaména
BURKINA FASO
BENIN
NIGERIA
TOGO
CÔTE D'IVOIRE
GHANA
C.A.R
LIBERIA
CAMEROON
G5 Sahel Permanent Secretariat
G5 Sahel Joint Force Headquarters
G5 Sahel Command Post
G5 Sahel Joint Force Focus Areas
MINUSMA deployment
Operation Barkhane (France)
European Union Trading Mission (EUTM)
and European Union Capacity Building Mission (EUCAP)

SOURCE: RISKLINE, AFRICA CENTER FOR STRATEGIC STUDIES

Sahel

Spreading instability

The galloping progress of Islamist insurgents and secessionists across the Sahel over the past five years presents the region's governments and their foreign backers with a clear policy choice in 2020: whether to redouble their military and police response to the insurgency, or switch track to a political, dialogue-led strategy.

Starting in Mali, insurgents from more than 25 different groups have panned out across the region to destabilise Burkina Faso and Niger. They now have countries to the south and east in their sights. As climate change destroys agrarian economies and governments lack an effective response, this zone of instability is widening.

With a shared opposition to established regimes and an appetite for grabbing local resources, the insurgents rely on their military prowess rather than an ideological master plan. Many have now won backing from Al-Qaeda and Islamic State rebels.

Mali's President Ibrahim Boubacar Keïta long ago lost the battle for hearts and minds. His promise of a "national conversation" on a limited agenda for 2020 was met with derision. It will rehash a five-year old plan to devolve power to the north and will not include any of the combatants or their supporters.

Underfunded and poorly equipped, Mali's troops have been comprehensively outgunned. More than 100 Malian soldiers were killed in November alone. A UN peacekeeping force, 15,000-strong, works alongside regional forces. It has struggled to hold the line – back at HQ in New York, it is known as the most dangerous mission in the world.

Most chilling has been the unravelling of Burkina Faso. Insurgents have taken about one third of the country in three years. First, they attacked a couple of international hotels in Ouagadougou to show the weakness of the government. Allies of the ousted president Blaise Compaoré, who kept ties with a range of jihadi and secessionist groups, may see the campaign as a way to push out the government of Roch Marc Kaboré.

As the insurgency spreads, Kaboré's backers among his own Mossi people are jumping ship. Ouagadougou's security system has been hobbled by the exit of so many intelligence and military officers after Compaoré's fall.

French troops, welcomed as liberators after insurgents captured most of the north of Mali in 2012, are accused of incompetence at best, and complicity at worst, by angry demonstrators in Bamako and other cities. Some have been burning the French *tricolor* in the streets. French president Emmanuel Macron insists the breakdown in the Sahel threatens European security. That is not a popular argument among nationalist politicians in countries such as Italy, Austria and Hungary.

Macron's strongest European ally in the mission is Germany's Angela Merkel. Britain promises to send in some limited military support next year. By then, the Sahel conflict may have reached a new stage. An investigation by Reuters news agency in November found that insurgents in Burkina Faso, Mali and Niger have taken over much of the region's informal gold trade, about 50tn of production worth about $2bn a year. Buyers in Saudi Arabia, the United Arab Emirates and India are cutting deals with the smugglers. •

The 1971 painting 'Christine' by Nigerian artist Ben Enwonwu sold for $1.4m at auction

TRISTAN FEWINGS/GETTY IMAGES FOR SOTHEBY'S

Art Return and renown

African art is finding its rightful place in the world: both on international markets and with stolen artefacts being returned to their homes. In November, late Nigerian artist Ben Enwonwu's painting 'Christine' sold for $1.4m at auction, much higher than initial estimates had suggested. That month also saw one of the looted Benin bronzes returned to Nigeria from the UK's Jesus College in the University of Cambridge.

The year 2019 was dubbed "The Year of Return" as people throughout the African diaspora made their way back to the continent. However, it isn't only people. Over the last two years, African governments have been requesting the return of stolen artefacts from former colonial governments and other holders of stolen African art.

According to a report commissioned by France's President Emmanuel Macron last year, 90-95% of African historical artefacts can be found in Europe.

All arguments have not been settled – far from it. In the debate between permanent restitution versus long-term loans, many European art experts argue that most museums in Africa do not have enough infrastructure to support precious artefacts. Others say that European powers are responsible not only for returning African artefacts but investing in the infrastructure of the African art industry as well.

At the same time, as international art enthusiasts fall in love with the works of artists like Ghana's El Anatsui and Zimbabwe's Kudzanai Chiurai, contemporary African artists seem to be taking bigger roles in the creative world. African art festivals like ART X Lagos and the Cape Town Art Fair have received countless sponsorships from international foundations and celebrities. In an effort to expand the African art market in 2020, entrepreneurs, artists and curators will focus on improving the infrastructure of the industry. •

Trials

See you in court

Grand corruption scandals, resource nationalism and mundane contract disputes will all see big companies in court next year. Often, no one will benefit, save the lawyers hired for the occasion.

On form, Nigeria sets the stage for the costliest courtroom drama in 2020. P&ID, a company founded by Irish construction and military contractors, is claiming more than $9bn in damages – for the loss of potential earnings – for a gas plant that was never built. Back in Abuja, a couple of P&ID associates have been charged with corruption. The cases are to be continued, in courts on at least two continents.

Nigeria's other long-running legal saga pits the government against Royal Dutch Shell and Italy's Eni over their acquisition of the mega oil block 245 at a bargain basement price via disgraced former oil minister Dan Etete. That one will play out in Milan and in London, snagging JP Morgan bankers.

And not to be underestimated is Mozambique's capacity to upset financial apple carts as the prosecution continues of those implicated in the $2bn secret loans scandal. That case, with a Credit Suisse banker in the dock, will play out in court in Brooklyn as well as South Africa, where Maputo's former finance minister Manuel Chang is trying to avoid extradition to the US.

And for those geeks who track the doings of the international commodity trading combines – Glencore, Trafigura and Vitol – 2020 is set to be a somewhat bumper year for legal investigations. •

CREATING VALUE FOR THE MINING INDUSTRY IN AFRICA

In Ghana, Veolia has been working with South African industrialist AngloGold Ashanti, the world's third largest gold producer, since 2014. It began with the Iduapriem open-pit mine in the west of the country followed by the Obuasi mine in southern Ghana in 2019. Contracts cover operation and maintenance of all the mine's water treatment plants.

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Aid

A trillion-dollar free lunch?

From the makers of the great financial crash of 2008 comes a brand new production: the great development-finance crash of 2020-something. Starring the same technique that got the planet in hot water last time: securitisation! For those not too sure about what that is, the IMF defines securitisation as "the process in which certain types of assets are pooled so that they can be repackaged into interest-bearing securities."

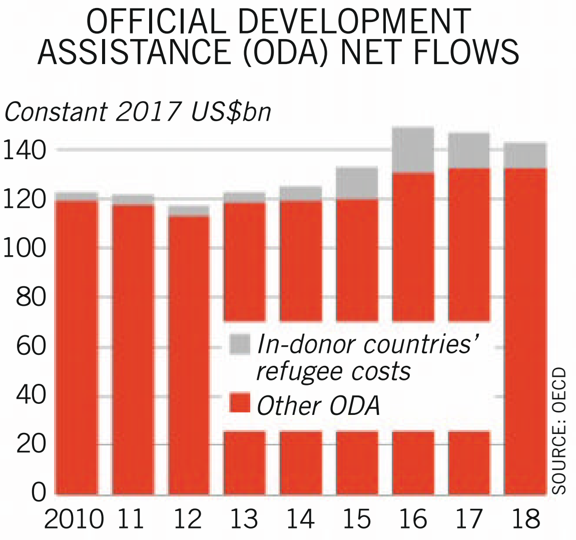
Cinema-goers need not worry. This film is unlikely to be made. But finance ministers across the continent should pay attention to this new trend: multilateral development banks such as the World Bank and AfDB want to use the $150bn currently pushed into global development aid each year as leverage to raise trillions of dollars.

Economist Rick Rowden, in a report for the Heinrich Böll Foundation, writes: "The World Bank had initially called the initiative 'From Billions to Trillions', before finally calling it 'Maximising Finance for Development'."

He warns that use of the shadowy banking networks that securitisation relies on will introduce unregulated risk into African development finance. It would also drive up the use of public-private partnerships, despite the poor track record these instruments have.

Moreover, it would force more financial deregulation on economies in Africa, robbing them of critical tools to drive national development – just as many countries seek to copy Asian growth paths that require tighter control of the financial sector.

But African policymakers also have another trend to worry about: declining aid commitments (see graph) from Western countries that are turning inward and questioning the value of some donor funding. As more African presidents look to a future without aid, the focus is shifting to raising more domestic resources through strengthening tax policy and collection. •


OFFICIAL DEVELOPMENT ASSISTANCE (ODA) NET FLOWS

SOURCE: OECD

Technology

Red light, green light

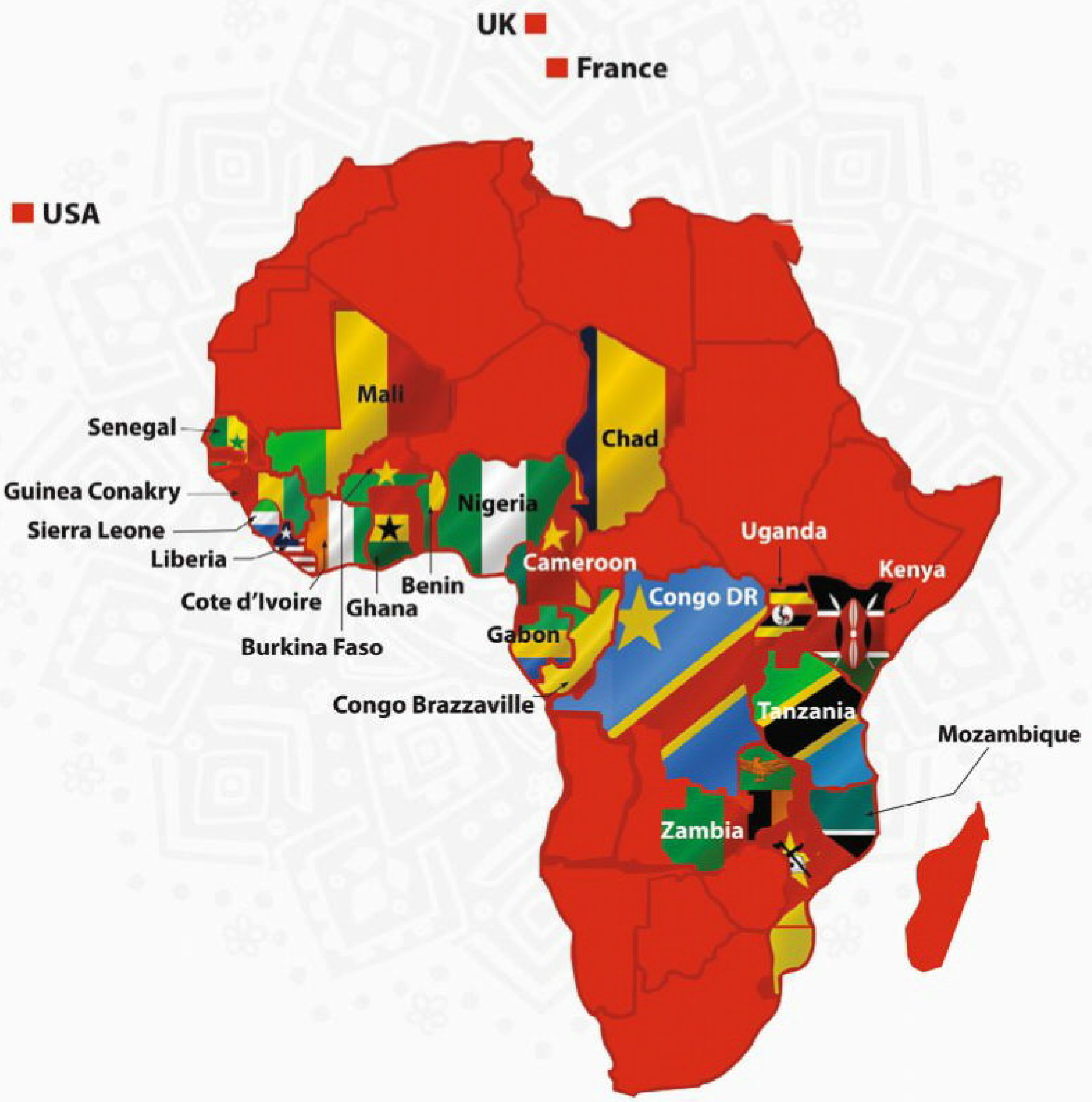
The outlines of the much-vaunted Fourth Industrial Revolution in Africa – with technologies like 3D printing, big data, artificial intelligence and off-grid power – will be drawn in more detail in 2020. Tech training, financial innovations, solar power and agricultural improvements all have the ability to transform livelihoods – but which ones have the markets, scale and policy frameworks to make the biggest change?

Solar and other renewable forms of power hold great promise to provide households with electricity and power for all sorts of businesses, from agro-processors to factories. Solar power and other renewables are getting backing at the household level through start-ups like Kenya's M-KOPA and at the industrial scale by bigger companies like those involved in Kenya's Lake Turkana wind farm. The International Energy Agency predicts that more than half of Africa's generation capacity will come from renewables like solar, hydro and wind by 2040.

But other elements of the tech revolution are having difficulties with markets, finance and scale. Andela, which trains African programmers for Western markets, dialled back its ambitions in 2019 due to the drying up of jobs in the US.

Meanwhile, agritech start-ups like Nigeria's Farmcrowdy and Kenya's Twiga Foods are helping farmers to get access to finance and markets through tech. However, they have yet to reach the scale where they can work with tens or hundreds of thousands of people.

Fintech holds out hope but also lots of hype. With investors always on the lookout for the 'next big thing', mobile lending was slated to become the panacea that microfinance did not pan out to be. Mobile-powered micro loans have taken off in Kenya. But with high interest rates and other problems (see 'Kenya, the world's fintech lab', TAR 109), it is not a solve-all either and the mobile-money revolution is currently having a limited impact. •


UK
France
USA
Mali
Chad
Senegal
Guinea Conakry
Sierra Leone
Liberia
Nigeria
Cameroon
Uganda
Kenya
Congo DR
Cote d'Ivoire
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South Africa

The long-term game and short-term pain

RAJESH JANTILAL/AFP

Imagining South Africa's future is the political equivalent of the Rorschach inkblot test: everyone sees something different based on the details they focus on. President Cyril Ramaphosa hopes he can convince supporters to keep looking on the bright side ahead of a major conference of the ruling African National Congress (ANC) in 2020, the National General Council.

He will struggle. Economists will point to the recent decision by two ratings agencies, S&P and Moody's, to determine the outlook for South Africa's credit rating as negative. That was based on forecasts of sluggish growth and government debt hitting 70% of GDP by 2023.

Many fund managers are already moving their money out of the country's bond market, today worth around $150bn, which will push up the cost of South Africa's borrowing.

Ramaphosa loyalists will counter that there is progress in the long game of regaining control of the institutions that govern the country's potential for success – and here the picture is more compelling. Installing honest leadership at the South African Revenue Service, reinstating civilian oversight for the intelligence services and rebooting the National Prosecuting Authority (NPA) are a solid start.

Pragmatists admit that the newly reinforced justice team will require years to unpick the damage created by years of 'yes-men' installed by previous president Jacob Zuma. The very fact that South Africa's courts and civil society worked to counter Zuma's worst tendencies in the first place should belie any narrative of hopeless decline.

Led by Shamila Batohi, the NPA is not sleeping. It recently served an explosive writ against Regiments Capital, a fund it believes is linked to the Gupta-era asset-stripping under Zuma. The recent arrest of a former cabinet minister Bongani Bongo for attempting to tamper with an inquiry into power utility Eskom – the beating heart of state capture and an exemplar of South Africa's wider problems – is a case in point.

The fate of Eskom is a good bellwether for progress in another key national conversation: between the unions and government over the staffing levels. The struggle with South African Airways may now have shifted in the government's favour. Andre de Ruyter, previously head of Johannesburg Stock Exchange-listed Nampack, will take over as Eskom CEO in January. Will he nudge the company in the same direction?

If he turns Eskom around, Ramaphosa will be able to do some more vital 'deep work' at the ANC's mid-term conference in 2020: to strengthen pro-reform factions of the party loyal to him and dispatch more of the Zuma-era holdouts. Keep an eye on the fates of deputy president David Mabuza and ANC secretary general Ace Magashule. •

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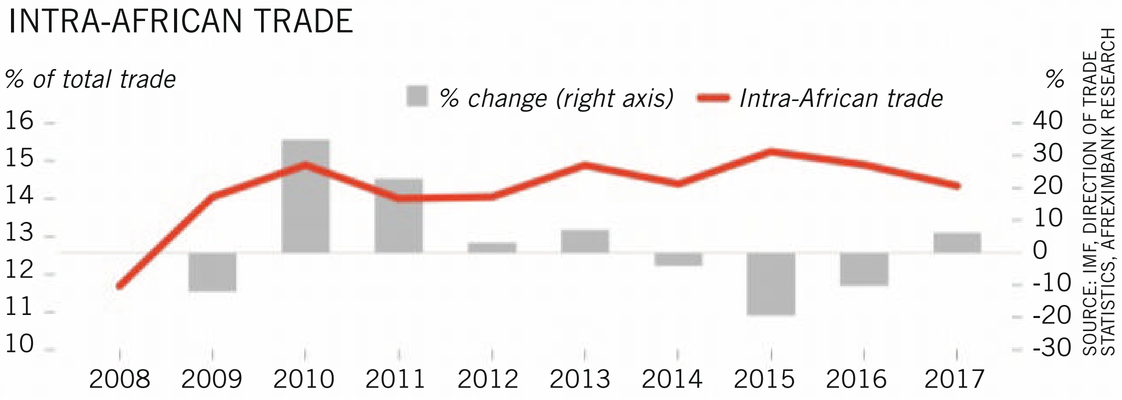
AfCFTA

The trade take-off


INTRA-AFRICAN TRADE

SOURCE: IMF, DIRECTION OF TRADE STATISTICS, AFREXIMBANK RESEARCH

Celebrations are in store for the July 2020 launch of the African Continental Free Trade Agreement, which is set to encourage African countries to trade more with each other and develop economic synergies. But there is still a lot more hard work to be done: policymakers need to agree on rules of origin and other crucial elements of the the trade deal, while Nigeria (see page 76) demonstrates the kind of problems that the new continental trade secretariat may come across as governments try to reconcile national and continental interests. UNCTAD secretary general Mukhisa Kituyi wrote in September: "Rules of origin are situated at the nexus of trade and industrial policy. Make them soft and a free trade zone runs the risk of not spurring the creation of local value. Make them too strong and countries risk being considered too protectionist, and firms may find them too difficult to comply with." ●

Populism

Trial's not over for Jacob Zuma

ROGAN WARD/AP/SIPA

On the backfoot

A morose Jacob Zuma, ousted president of South Africa, sitting in the dock, suggests to his foes that populism is on the wane – at least in South Africa. Next year, the judicial pressures will increase on Zuma and his allies as they face multi-pronged indictments. Many will be prosecuted, and many more have been forced from office. Already, the numbers of their supporters turning up at the court are dwindling. They will fight back by whatever means necessary, calling up their assets in the spy services.

Leader of the Economic Freedom Fighters Julius Malema – by turns a cheerleader for, then fierce opponent of Zuma – also faces court time in 2020 on charges of illegal use of firearms.

All populists say they oppose the establishment and are taking up the people's cause. The skill of African populists ensconced in the political and business elite is to promise convincingly to fight the vested interests of both the ousted colonial elite and the international capitalist system. One last heave, comrades!

That was the playbook of Zimbabwe's Robert Mugabe and Namibia's Sam Nujoma, which took a couple of decades to wear thin. It does not work so well for their successors.

Former Zambian leader Michael Sata was hugely effective in winning support from workers on the Copperbelt for economic nationalism. President Edgar Lungu's efforts to imitate Sata's tactics have failed, leaving his regime hobbled by corruption and debt.

Two more students in the Sata school Tanzania's John Magufuli and Kenya's Raila Odinga. But Magufuli's obsession with crushing all dissent and Odinga's artful opportunism may work against them next year.

Over in West Africa, defeated Ghanaian presidential challenger and billionaire Atiku Abubakar relished comparisons between him and Italy's Silvio Berlusconi. Ex-PSG footballer George Weah won Liberia's presidency on the populist playbook – fighting the establishment allies of outgoing leader Ellen Johnson Sirleaf – but is struggling now in power. ●

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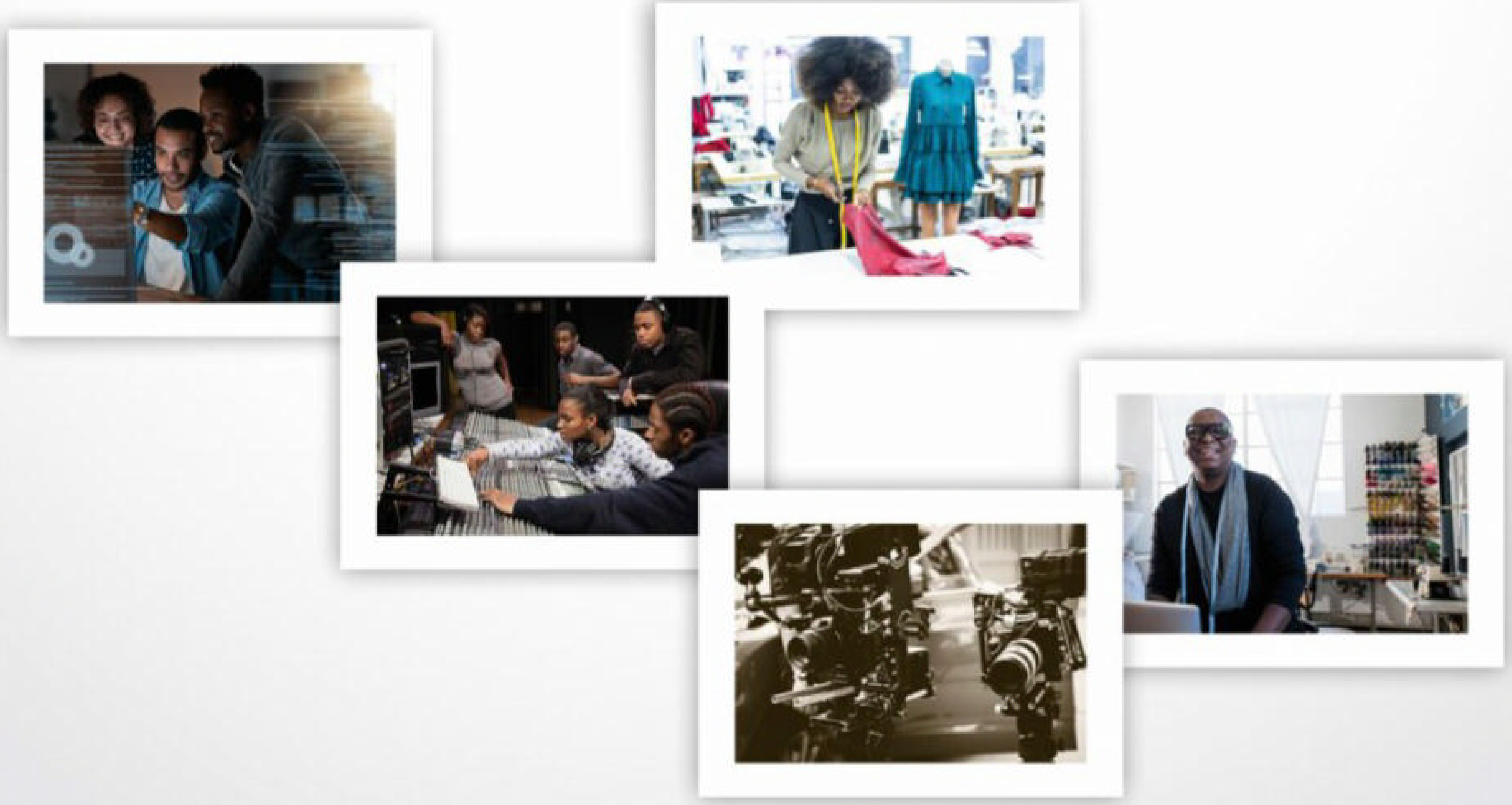

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Calendar

The year's highlights

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JANUARY
ADDIS ABABA / ETHIOPIA
au.int

MINING INDABA
3-6 FEBRUARY
CAPE TOWN / SOUTH AFRICA
miningindaba.com

BLOCKCHAIN & AI AFRICACONFERENCE
11-12 MARCH
JOHANNESBURG / SOUTH AFRICA
blockchainafrica.co

LEGISLATIVE ELECTIONS IN ETHIOPIA
MAY

AFDB ANNUAL MEETINGS
25-29 MAY
ABIDJAN / CÔTE D'IVOIRE
am.afdb.org

BURUNDI PRESIDENTIAL ELECTIONS
20 MAY

FRANCE-AFRICA SUMMIT
4 JUNE
BORDEAUX / FRANCE
sommetafriquefrance2020.org

WORLD ECONOMIC FORUM AFRICA
SEPTEMBER
ADDIS ABABA / ETHIOPIA
weforum.org

OPENING OF THE 75th UNITED NATIONS GENERAL ASSEMBLY
NEW YORK / US
15 SEPTEMBER
un.org

CÔTE D'IVOIRE PRESIDENTIAL ELECTIONS
OCTOBER

TANZANIA PRESIDENTIAL ELECTIONS
OCTOBER

IMF/WORLD BANK AUTUMN MEETINGS
WASHINGTON D.C. / US
17 OCTOBER
imf.org

AFRICA COM
10-12 NOVEMBER
CAPE TOWN / SOUTH AFRICA
tmt.knect365.com/africacom

EU-AFRICA BUSINESS SUMMIT
28-29 NOVEMBER
MARRAKECH / MOROCCO
http://eu-africasummit.eu

AFRICA CEO FORUM
9-10 MARCH
ABIDJAN / CÔTE D'IVOIRE

Côte d'Ivoire's economic capital, Abidjan, will play host for the 8th edition of the premiere high-level African business conference. The Africa CEO Forum is due to include about 100 speakers and 1,500 participants from more than 70 countries, providing key insights about business and great networking opportunities with top professionals from various industries. The annual highlight, the Africa CEO Forum Awards, will celebrate the best of African business, rewarding leaders and companies in categories including Gender Leader, International Company and the highly coveted CEO of the Year.

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ZIMBABWE: HEAR THE VOICE OF GOD

SIPHOSAMI MALUNGA

Executive director, Open Society Initiative for Southern Africa

Give credit where it is due. The coup orchestrated by Zimbabwean spy chief Emmerson Mnangagwa and his military comrade General Constantino Chiwenga two years ago was genius of a kind, a particularly malevolent kind. Mnangagwa told us that the voice of the people was the voice of God. Now the chickens are coming home to roost.

Mnangagwa is more excoriated than the man he ousted – his erstwhile chief Robert Mugabe. As 93-year-old Mugabe was humiliated and harried from power by greedy politicians and power-hungry soldiers, a worse fate could await Mnangagwa as popular anger grows towards elite corruption and repression.

The first test for the post-coup regime was its openness to political freedom. Under Mugabe, the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) party had shown extreme intolerance. Witness Gukurahundi in which 20,000 opposition supporters in Matabeleland were massacred in the mid-1980s. Two decades later, the ruling elite massacred opposition after it lost the first round of elections in 2008.

What did Mnangagwa do to break with this history? He promised to open up politics. He visited the terminally ill oppositionist Morgan Tsvangirai and offered state funds to pay for his treatment and a new house.

For a while, he tolerated criticism in the media and by civil society on subjects such as Gukurahundi. He, or his handlers, started posting on social media about the "new Zimbabwe". Some foreign diplomats, especially Britain's ambassador, offered fulsome praise of Mnangagwa's leadership.

Between the putsch and elections in July 2018, there was an outbreak of liberalism. Opposition parties made full use of it. But inside the ruling party complex, Mnangagwa's people purged all those associated with their rivals – that is, Grace Mugabe and her G40 group. Many were arrested and prosecuted on corruption charges. Restrictions on public meetings and protests remained. There was a brief feel-good factor after the putsch but it was not enshrined in law.

Contrary to pledges of free elections, Mnangagwa and his camrades stuck to their old script. They kept control of the election commission, with a complement of state security agents monitoring operations.

The commission failed to release the voters' roll on time. When it was published, it was plagued with irregularities. Again, the ruling party used the army to intimidate voters in the countryside. ZANU-PF dominated the state media, denying equal time to its opponents. Mugabe-era strictures on access to information and rights of assembly stayed in place.

The tabulation, transmission and announcement of election results pointed to interference. With all that help, Mnangagwa managed only to get 50.8% of the votes. There were far more protests than celebrations as the reality dawned on the country.

As Mugabe's security capo, Mnangagwa struggled to convince the sceptics he would respect human rights. On 1 August in response to protests against delays in the election results, Mnangagwa sent in the military. Six unarmed civilians were killed and scores more were injured in full view of election observers and international media.

As the furore grew, Mnangagwa appointed a commission of enquiry led by Kgalema Motlanthe, a former president of South Africa. It recommended that the officers be held to account. Instead, Mnangagwa promoted the commander of the unit responsible for the killings, and none of the other perpetrators were sanctioned.

In January 2019, citizens, angered by spiralling fuel prices, took to the streets. Mnangagwa sent in the army

ILLUSTRATION BY RAFAEL RICOY FOR TAR

again. After public sector workers mobilised in protest at wage cuts after a massive devaluation of the currency, the leader of the doctors' union Peter Magombeyi was abducted, detained for five days, tortured and then dumped in the outskirts of Harare.

Under Mugabe, a predatory elite of ZANU-PF officials and their business allies prioritised personal wealth over public interest. But Mnangagwa allowed businessmen such as Kudakwashe Tagwirei and his company Sakunda, in partnership with the Dutch-based Trafigura Group, to retain a monopoly over fuel imports. The government's business cronies have had preferential access to foreign exchange, which they recycle into Zimbabwean dollars at hugely profitable rates.

The government hit rock bottom as the worsening regional drought meant that half of Zimbabwe's 15 million people would face serious food shortages. It emerged from international agencies that the government had signed a secret contract to import maize from Tanzania at more than twice the market price.

The economic tally of Mnangagwa's rule is a return to hyperinflation

Chanting his 'open for business' mantra, Mnangagwa pledged to turn around the economy. He appointed Mthuli Ncube, a former chief economist at the African Development Bank, as finance minister to preside over a reform programme. It includes more swingeing cuts to public spending and the reintroduction of the Zimbabwe dollar. But Ncube lacked political muscle. ZANU-PF's chiefs and their business pals circumvented the reforms and continued to exploit the system.

The economic tally of Mnangagwa's rule is a return to hyperinflation. The reintroduction of the Zimbabwe dollar has been sabotaged by his business friends, and the health and education services, the best achievement of the Mugabe years, are in ruins. Any prospect of the government restructuring its foreign debt and bringing in new capital have receded into the distance.

Not only has Mnangagwa's regime failed all the tests he set it, but the situation has now reached breaking point. The best way out of the crisis would involve inclusive negotiations, preferably mediated by a credible regional mediator. Naledi Pandor, South Africa's foreign minister, says her government, which is owed billions by Mnangagwa's regime, stands ready to help Zimbabweans arrive at a solution. Her proviso was that it must include civil society and opposition politicians.

As regionalism and ethnic nationalism gain ground, there has been a spate of localised violence. There are some in the regime who want to exploit chaos and cling to power. The only conceivable beneficiaries would be the people with guns – not the fat-cat generals, air marshals and spymasters, but the angry young officers who have seen this predatory elite steal their futures. Their revenge – for the ruling elite's crass betrayal of the liberation cause – could turn into Zimbabwe's ugliest moment yet. ●

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AIR TRANSPORT IN AFRICA

OVERVIEW

The African continent is home to 17% of the global population but its air traffic accounts for less than 3% of global traffic.

African airlines lose an average of $1.54 per passenger carried while globally airlines earn $6.12 per passenger carried.

Today, in several parts of the world you can fly for 1.5 hours for less than $100 while in Africa total taxes on the ticket are often higher than $100.

Passenger traffic between Africa and the rest of the world is dominated by non-African carriers often charging exorbitant fares.

Out of 55 African states, only 8 have direct flights to more than 20 other African states. Quite often, the passenger is obliged to transit through one or several stopovers.

This data should challenge all stakeholders to commit to creating an conducive environment for the development of air traffic in Africa.\

The air transport industry is facing a host of challenges:

- High operating costs due to high taxes on ground and in air
- Inadequate infrastructure
- High price of fuel compared to the rest of the world
- High level of taxes on airlines and passengers
- Restrictions on traffic rights
- Restrictions on visas to passengers

Nevertheless, alongside the challenges there are opportunities and all the stakeholders should work towards harnessing them for African aviation to prosper:

- The Single African Air Transport Market (SAATM) to improve connectivity
- The African Continental Free Trade Area (AfCFTA) to boost intra African trade
- The Free movement protocol for people, goods, capital and services to facilitate investment

These various projects initiated by the African Union should contribute to improving the fortunes of airlines.

The high economic growth rate, the young African population and the emergence of a middle class are all great opportunities to be grasped.

ENVIRONMENTAL ISSUES

Public opinion is increasingly sensitive to environmental issues. The environmental impact of air transport is particularly about air pollution, noise pollution and global warming.

Aviation accounts for about 2% of global emissions.

It should be remembered that aviation is the first global industry to have voluntarily committed to stabilizing its CO2 emissions from 2020 and to reduce by half by 2050 despite growth forecasts for the sector.

There are several ways to contain aviation environmental impact:

- Renewal of fleets with fuel-efficient aircraft,
- Use of biofuels
- Use of new propulsion methods
- Use of shorter air routes

At AFRAA, we support industry efforts (aircraft manufacturers, ICAO, IATA, ...) to reduce aviation environmental footprint. We focus on awareness raising and training of our member airlines on environmental issues.

ROLE OF AFRAA

AFRAA membership currently stands at 43 African airlines carrying more than 85% of intra-African traffic. The Association was created in 1968 and is based in Nairobi, Kenya.

It focuses on promoting a sustainable, interconnected and affordable Air Transport industry in Africa where African Airlines become key players and drivers to African economic development."

It serves African airlines and champions Africa's aviation industry.

PRIORITIES FOR THE NEXT FIVE YEARS

- **To maintain a good level of safety and security.**
- **To increase African airlines market share in the global air transport.**
- **To achieve a sustainable air transport:**
  - To lobby stakeholders and policy makers for a conducive environment for the development of aviation
  - To develop the human capital required to support the growth of civil aviation
- To promote cooperation between the African airlines: to undertake the implementation of joint initiatives aimed at reducing operating costs for airlines, increase revenue and market share: Joint purchase programs, African Alliance.
- **To strengthen data intelligence through:**
  - market surveys and statistical studies
  - consultancy services

We want an air transport where African airlines will be economically successful with enhanced connectivity and contribute to the economic integration of the African continent.

THE FUTURE OF AFRICAN AIR TRANSPORT

Africa is a continent with great development potential. To harness this potential, all stakeholders will have to play their role and promote an efficient and sustainable air transport system.

Considering the vast area of the African continent, the absence of adequate ground infrastructure, the high growth rate of African economies and population, air transport will play a key role in the development of the continent.

According to experts, air traffic in Africa is expected to double every 15 years. We must be prepared to absorb this growth.

Features

ABC/BACKGRID UK VIA BESTIMAGE

48 PROFILES

The rematch

The economy and corruption will be in the spotlight in Ghana's 2020 presidential election as Akufo-Addo and Mahama face off again at the polls

60 TECH

Hubs not hype

Africa has more than 600 tech hubs and rising, ranging from incubators and accelerators to co-working sites. While the start-up game is the survival of the fittest, it is also one where community is power

68 WIDE ANGLE

Beijing calling

China is seriously investing in Africa's telecoms and other consumer markets against a backdrop of geopolitical and ideological competition

76 INQUIRY

Buhari vs. Benin

The border battle between Nigeria and Benin shows the high costs of Buhari's economic nationalism. He wants neighbouring President Talon to change his economic strategy and stop seeking to supply Nigeria with goods it can produce at home

86 CULTURE

The Beyoncé bounce

Artists like Burna Boy, Yemi Alade and Salatiel were quick to release their own albums on the back of Beyoncé's *The Lion King: The Gift*

AFRICA IN 2020

How to get 20/20 vision

With the dawning of the twentieth year of the twenty-first century, there is at least one certainty. We will no longer be invited to endlessly tedious conferences entitled “Vision 2020”. Yet for political activists, unlike optometrists, 2020 does not signify clarity. It is too cloudy for the crystal-ball gazers guessing the direction of travel after the last year.

A quick glance shows the pace of cultural, economic, demographic, technological and geopolitical change is accelerating as is the rate of environmental destruction and frustration with deepening inequities. It is much harder to know the winners and losers. Searching for patterns, global pundits pen confident predictions, alternating between doom and redemption.

Africa saw two revolutions in 2019 – in Sudan and Algeria – where mass popular movements organised against corrupt and oppressive regimes, and pushed out their putative leaders.

But authoritarians also had a good year. A group photo of the leaders of the BRICS group – Brazil’s Jair Bolsinaro, Russia’s Vladimir Putin, India’s Narendra Modi, China’s Xi Jinping and South Africa’s Cyril Rampahosa – presented a bleak tableau to democrats.

Only Ramaphosa espoused any serious commitment to pluralism, consultation and accountability. Yet his fellow BRICS leaders are set to dominate capital flows and trade with Africa.

There is not a deep reservoir of hope and goodwill among governments in the rich Western economies either. As the post-Western world arrives and the geopolitical balance tilts eastwards, conservative US writer Robert Kagan warns of “when the jungle grows back”.

For Kagan, the retreat of Washington from democracy promotion will usher in a new era of dictators. His thesis is simplistic and outdated: the US and Europe backed numerous autocrats, from Augusto Pinochet to Saddam Hussein.

Rather, one of the most important changes we are seeing across the globe is the rise of non-Western support for progressive political change. This comes from social movements, from more spontaneous political alliances rather than governments and official structures. Such are the effects of global migration and digital communication that the support base for pluralism, secularism, and representative and accountable government is growing appreciably, if not exponentially.

Social movements and political alliances are driving change

A remarkable point about the mass protest movements from Chile and Algeria to Iran and Hong Kong is the almost total absence of Western policy and people. As in the North African spring in 2011, Washington and its European counterparts pulled back and stayed shtum.

That message is well understood in Africa. Protest movements no longer queue for meetings with Western diplomats in the hope that their money or threatened sanctions will help their cause. Authoritarians use any evidence of Western associations as a reliable way to undermine their opponents.

Despite their history of intervention and depredation in Africa, European powers for the most part are in 'fortress' mode – anything to pull up the drawbridge on mass migration. As in the US, the nationalist right in Euroland has the liberals on the run.

There is little new thinking out there. An exception is a new study by Michael Clemens from the respected Center for Global Development, arguing that global GDP would double if everyone who wanted to migrate was able to do so.

Here, the lack of responsibility of Europe’s governments competes with their lack of imagination. One of the biggest beneficiaries of this failure is Egypt’s President Abdel Fattah al-Sisi, lauded by top EU officials for his role in the fight against people trafficking. Even the mildest rebuke

ILLUSTRATION BY RAFAEL RICOY FOR TAR

of the Sisi regime's calamitous record on torture and political assassinations is off the table. Europe's big idea – anti-immigration pacts with governments – has fuelled a parallel economy and shores up local regimes but does little to deter committed travellers from seeking new pastures.

Instead, global security companies profit from the militarisation of swathes of North Africa. With fortresses reinforced, liberals in retreat, plenty of stolen elections and autocrats entrenching themselves, bolstered by a defensive use of digital technology and social media – 2019 should not have been a promising year for political change.

Yet it was punctuated by two African revolutions, although thousands of activists across the world were targeted with brutality by security forces. There were philosophical casualties too: a dearth of evidence-based argument, overwhelmed by knee-jerk nationalism and populism.

A year of rebellion nontheless. As 2019 stuttered to a close, protests were raging in Bolivia, Cameroon, Chile, Ecuador, Ethiopia, Hong Kong, Iran, Iraq, Lebanon and Zimbabwe. However specific each set of conditions were, there were many commonalities.

The cry of the neglected majority locked out from the metropolitan citadel has become the political soundtrack of this century. Each year the volume increases.

What has supercharged those rebellions was the most serious failure of market economics for 80 years: the international aftermath of the 2008 financial crash. It ricocheted across Europe and developing economies, delivering a clear message about rigged capitalism and the damage it can wreak on life chances and political culture.

Beyond US borders, several national economies in Europe wobbled, governments imposing ever more draconian austerity policies on the people, paving the way for extreme-right organisations to push their way onto the stage.

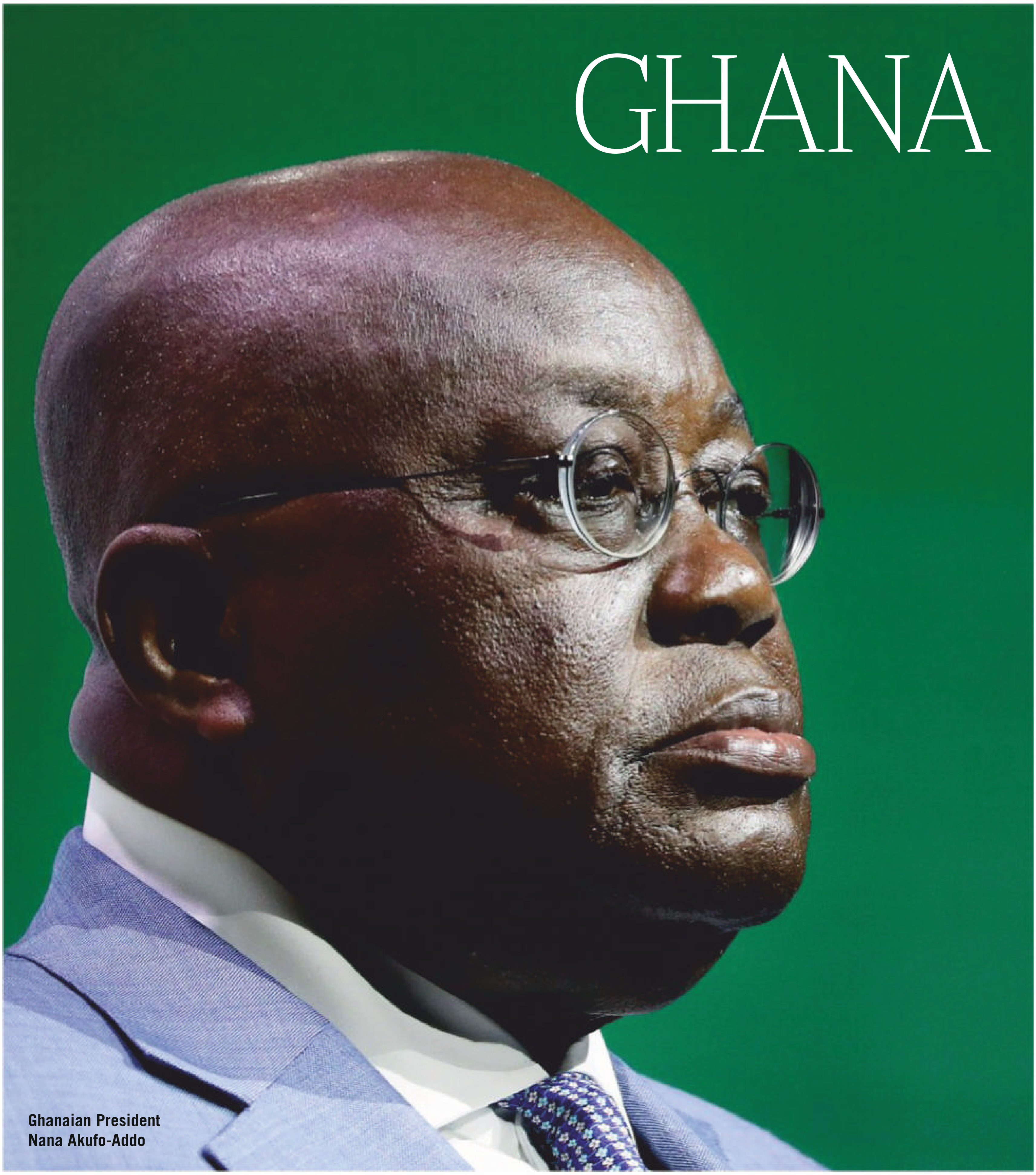
And the shockwaves are still manifesting themselves in differing ways across emerging markets. Capital flight and capital drought, with their origins in the US crash of a decade earlier are still working their way through the system.

As nervous bankers and investors take a cue from the anger on the streets and pull out their funds, frustrations and pushback could escalate, leaving harsh choices for activists and governments that want to restructure their economies. It was the spectre of economic destitution that drove the protests in Algeria, Sudan and Zimbabwe.

Sudan's revolution, where young activists risked everything, has become an international inspiration. Women prevailed against state discrimination to claim their freedoms and assume high office. Old structures of regional and ethnic rivalries were challenged as the political culture saw more change in six months than in 30 years.

Now there are tough questions for the Sudanese people and activists across the continent about the pace of change, how to fashion a credible plan to rescue the national economy and how to sustain the social gains of the revolution, all the harder with a predatory security elite waiting in the wings. ●

GHANA



MIKE HUTCHINGS/REUTERS

Ghanaian President Nana Akufo-Addo

The re PROFILES

The economy and corruption will be in the spotlight in the December 2020 presidential election as Akufo-Addo and Mahama face off again at the polls

By **NICHOLAS ADJEI** and **PATRICK SMITH** in Accra

Former president
John Dramani Mahama

VINCENT FOURNIER/JA

match

It was a Kwame Nkrumah moment for President Nana Akufo-Addo in Upper East Region at the end of November. That is, a point when grand vision meets high funding and ambitious politics. Across the political spectrum in Ghana, Nkrumah is the gold standard for mega projects, whatever their outcome.

This time, Akufo-Addo wanted to show northern Ghanaians, accounting for more than 16% of the population, that the government's modernisation plans were relevant to them – although regional inequities are deepening. More than half of the people in the north are living in extreme poverty, according to the International Institute for Strategic Studies. And alarm bells have been ringing because of a surge of extremist attacks in neighbouring Burkina Faso.

Unlike many of its troubled neighbours, Ghana has had a stable and functional multiparty political system for 25 years, unthreatened by insurgencies or extremist groups. That history has encouraged a dangerous complacency, according to Kwesi Aning, head of research at the Kofi Annan International Peacekeeping Training Centre.

The historical lack of investment in the northern region is part of the problem. Belatedly, politicians have been trying to remedy that. Gathered around Akufo-Addo to break ground

NANA AKUFO-ADDO

NPP presidential candidate

FRANCIS KOKOROKO FOR TAR

On political reform:

'It is time to make sure that we have a true separation of powers between the various arms of government. Our parliament [...] must grow into its proper role as an effective machinery for accountability and oversight of the executive, and not be its junior partner.'

ACCRA, JANUARY 2017

On developing the economy:

'We must create wealth and restore happiness to our nation. We can only do this when we have an educated and skilled population that is capable of competing in the global economy. Sixty years after attaining nationhood, we no longer have any excuses for being poor.'

ACCRA, JANUARY 2017

Talking about the need to mobilise Africa's diasporas:

'The Chinese diaspora has been able to transform the lives of millions of Chinese. Why can we not replicate that same phenomenon on our continent?'

PARIS, JULY 2019

Announcing plans to fight corruption:

'State coffers are not spoils for the party that wins an election but resources for social and economic development. [...] Public service is just that – service and not an avenue for making money.'

ACCRA, JANUARY 2017

Defending his 110 ministers:

'If we deliver on the programme that people elected us on, the brouhaha about the number of ministers will quickly die down.'

GENEVA, MARCH 2017

on the $993m Pwalugu dam project were members of the government's top team – vice-president Mahamudu Bawumia and energy minister John Peter Amewu – together with a crowd of favoured MPs and traditional dignitaries.

At a discreet distance stood a delegation from Sinohydro, a Chinese state-owned company that is central to Ghana's industrial development and infrastructure plans. Earlier in the year, the government announced that Sinohydro had concluded a barter deal to buy some $2bn of bauxite, the proceeds of which would be used to build roads, dams and factories.

'We do not renege on promises'

The Pwalugu Dam is one of the first items on the shopping list. But the financing process, outside of the country's agreed debt limits, raises questions about accountability and value for money. It is also a grand entry for Sinohydro into the Ghanaian market: by raising the cash from the barter deal, it avoided the difficulty of a competitive tender process.

Brimming with pride as he planted a sapling on the construction site, Akufo-Addo said the dam was the biggest construction project ever seen in the northern regions. It would include two turbines generating 60MW, alongside a solar power plant producing 50MW and an irrigation scheme servicing 25,000ha.

After three years in power, Akufo-Addo is facing critical scrutiny across the country, especially outside his party's heartlands of Eastern and Ashanti regions. That explains the grandiose ceremony at Pwalugu.

It is one of a series of projects in the north such as a road interchange network in Tamale, the country's third-largest city. Again, the finance comes from the barter deal with Sinohydro, which also picks the contractors for the works.

"This is in fulfilment of the pledge the government made to the people," Akufo-Addo told the crowd. "We do not renege on our promises." Questions about promises are to the fore as Ghana heads into a year of campaigning ahead of elections in December 2020. At the presidential level, it will be a return match between the New Patriotic Party's (NPP) Akufo-Addo and John Dramani Mahama of the National Democratic Congress (NDC).

It will be the third time they have raced for the top job together. Mahama won in 2012, after a protracted appeal launched by Akufo-Addo's

JOHN DRAMANI MAHAMA

NDC presidential candidate

FRANCIS KOKOROKO FOR TAR

On running for a second presidential term:

'I've taken into consideration the groundswell of support and the never-ending calls and encouragement from a large section of our party elders and Ghanaians of diverse backgrounds.'

ACCRA, AUGUST 2018

On getting fertiliser to farmers:

'When we started giving out free fertilisers, it was because we realised it will improve yield. [...] I cannot understand why this government will decide to stop that and sell the fertiliser.'

ENCHI, JULY 2019

His response to reports judges demand bribe money:

'The response to the investigation was prompt. [...] The judges have been dismissed for impropriety.'

ACCRA, MARCH 2016

Replying to claims that power deals cost too much:

'[The contract] goes through the finance ministry. It comes to cabinet. It goes to parliament, where we have both the opposition and the majority to take a look at it. [...] I think that the transparency of that process is a good thing, but then we must continue to sharpen our negotiation skills.'

ACCRA, MARCH 2016

Analysing regional security threats to Ghana:

'Any president who does not [have concerns about security] is not living in the reality of our current time. Ghana has a long history of political and religious tolerance. [...] And so I don't see that threat yet.'

ACCRA, MARCH 2016

legal team; Akufo-Addo won in 2016 by almost a million votes, his party running a textbook and very expensive election campaign.

Both Mahama and Akufo-Addo got into campaign mode in late 2019, months before their parties were due to launch their manifestos. A spat also emerged over why Mahama reneged on a promise to support the plan to hold a referendum to introduce partisan politics into local elections in mid-December.

The 2020 race is likely to be closer than the last one. Mahama's advantage will be that the bulk of the blame for the current economic discontents are laid at the door of Akufo-Addo and finance minister Ken Ofori-Atta. The sins of the last NDC government have largely been airbrushed out.

Politicians to the core

There are signs that the election could get really bitter. Both politicians to the core, Akufo-Addo and Mahama have quite different styles. An experienced barrister, Akufo-Addo thinks fast on his feet and is seriously interested in policy intricacies. By contrast, Mahama, whose most high-profile job outside politics was as an information officer at the Japanese embassy, is more interested in big-picture arguments or conversations with voters.

Mahama ducked a debate with Akufo-Addo in 2016 but may see an advantage in taking him on publicly in 2020. The political climate seems to have become a little more poisonous since then. Each party accuses the other of thuggery. NDC activists claim the NPP has integrated its footsoldiers into the state security apparatus.

Postings on social media showing members of the government driving uber-luxury cars or on yachts partying in the south of France are going down badly given that most people are experiencing a stagnant economy – even if the IMF's stats say otherwise. They also make it easier for the NDC to paint the NPP as a party of privilege and raise questions about the origin of that wealth.

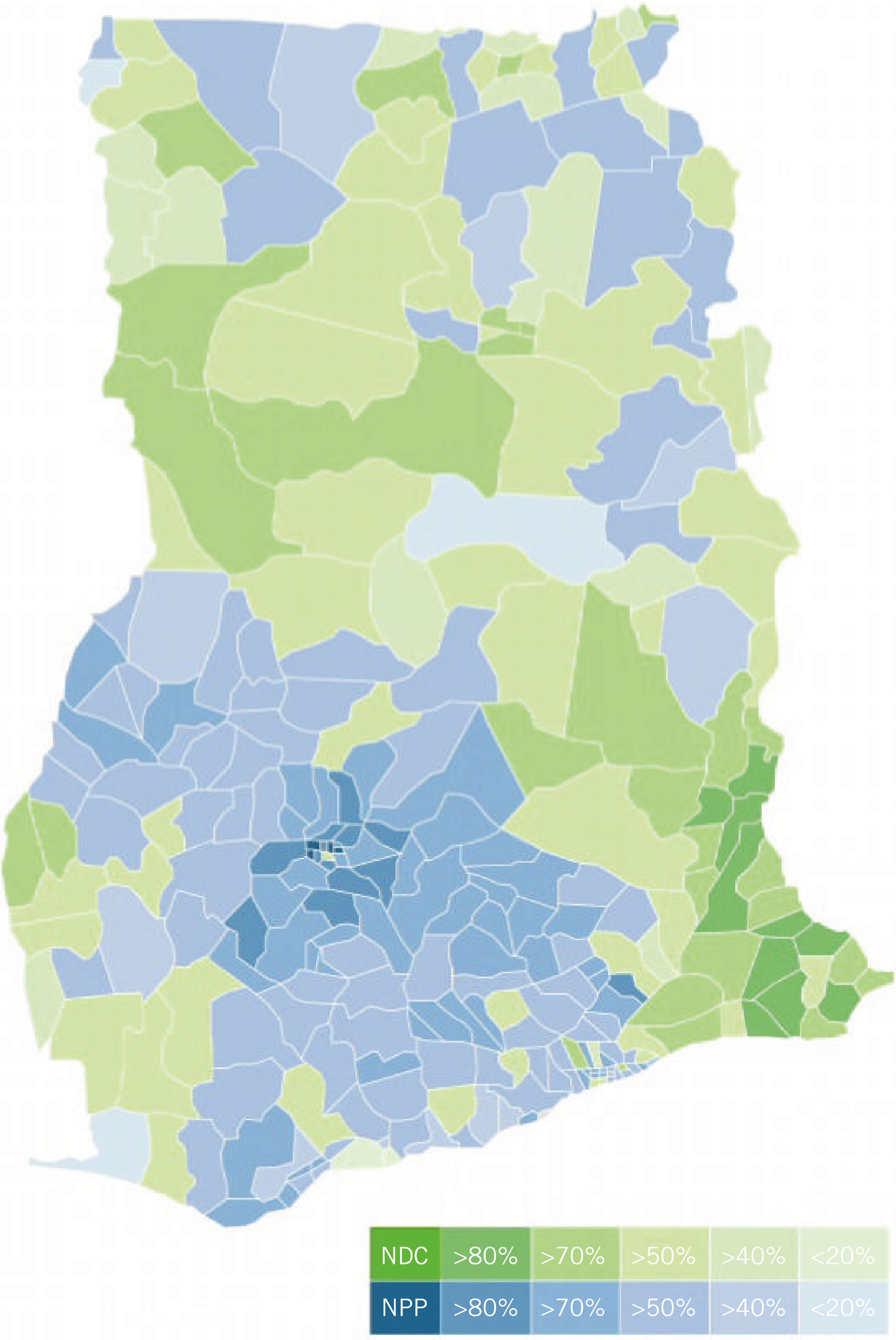
Mahama lacks the mega resources of the NPP and its advantages of incumbency. But the NDC is a much more activist and grassroots party than the NPP. If Mahama and associates can pay key officials on the ground, they can get out the vote. Turnout will be key in 2020, and that helps the NDC.

That national network has allowed the NDC to strengthen its presence across the country and accuse the NPP of being an Akan party, with little support in Volta Region or the north, from where Mahama hails. With vice-president Bawumia rubbishing Mahama's legacy in northern Ghana, it's evident that the northern regions will be a key battleground in 2020.

So will Greater Accra, where there are some of the loudest complaints about the slow economy. To counter that, the government says it will launch a new series of urban rehabilitation projects in January.

Although he organised big, free concerts in 2016, that did not give Mahama enough youth votes to counter Akufo-Addo's challenge. This time, he lacks the resources and will be reliant on his charm and honed campaigning skills. •••

DECEMBER 2016 PARLIAMENTARY VOTE RESULTS



SOURCE: PEACE FM, ELECTORAL COMMISSION OF GHANA

The political climate seems to have become a little more poisonous

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The NPP's 2020 priorities

On the centre-right, the NPP is in the Danquah-Busia tradition in Ghanaian politics. There are several factions in the party: the biggest schism is between the Akyem group (now in the ascendancy) and Asante group led by John Kufuor. The NPP is pro-market and supports low taxes and light-touch regulation.

THE ECONOMY Finance minister Ken Ofori-Atta, the founder of Databank and a cousin of President Akufo-Addo, has overseen the doubling of the rate of GDP growth to 7% since coming to office in 2017 and the halving of inflation to 7.7%. But he has to contend with a combined cost of about $5bn to restructure the power and financial sectors.

EDUCATION A commitment to a free secondary high school until the age of 17 is a key promise. But parents say there are not enough schools or teachers to meet the demand. That means education needs a higher budgetary allocation.

INDUSTRIALISATION The One District, One Factory programme set a target for the NPP government to coordinate the establishment of at least 260 new factories. It claims that 90 factories were built by December 2019, but critics dispute this.

TRANSPORT With the treasury trying to resolve the crisis in the banking and energy sectors, it underfunded road and transport projects. It promises to ramp up spending in 2020 ahead of the election.

The NDC's 2020 policy proposals

On the centre-left, the NDC has heterodox roots. Founded by Flight Lieutenant Jerry John Rawlings, it also attracted supporters of the ousted founding president Kwame Nkrumah. Another faction, now led by John Dramani Mahama, grew out of various student and civil society groups.

THE ECONOMY It was the NDC's poor record on economic management and corruption that was in part responsible for the party's and Mahama's defeats in 2016. The NDC now proposes increasing funding to small businesses and raising government revenue.

EDUCATION NDC officials talk about reviewing the free secondary high school system but would not end it, given its popularity. Instead, the party may propose changing the funding mechanisms, getting wealthier families to pay special levies.

INDUSTRIALISATION The NDC accuses the government of falling woefully short of its One District, One Factory targets with only 25 out of the promised 260 factories as of December 2019. It wants the government to be involved in industrial projects, like with the Komenda Sugar Factory.

TRANSPORT The NDC confidently claims this as an area of great success from 2008 to 2016. They pushed through projects such as the Nkrumah Circle interchange in Accra. Party leaders say the popular criticism of the NPP for not getting enough money into the system through new projects will help it in 2020.

••• When *The Africa Report* caught up with Akufo-Addo in Kumasi on 1 December, he said that the campaign would be about making the link between his policies and living standards, motivating the faithful and galvanising the waverers. "It's going to be about our success in rehabilitating the economy, our social interventions in health and education, improvements to transport." After his victory in 2016, Akufo-Addo told *The Africa Report* that a key measure of the government's success would be whether it improves the lot of the market woman who gets up before dawn, often working 12-hour days to feed and school her family.

Was her plight any better now? "I think it is," Akufo-Addo claimed in December. "Her children would be eligible for free senior high school education and access to public healthcare under the revamped state insurance system."

Yet his confidence about voter sentiment is not borne out by a recent survey from Afrobarometer, which found just 30% of respondents thought economic conditions were fairly good or very good. And in terms of social equity, 66% of respondents said the government was doing a bad job of narrowing income gaps; 54% said it was not creating enough jobs. More widely, 59% said the country was going in the wrong direction.

One reason for such views, according to NPP officials, is the state of the economy they inherited in January 2017. Then, the government's debt was ballooning, surpassing 70% of GDP, much of it to finance unsustainable power projects. •••

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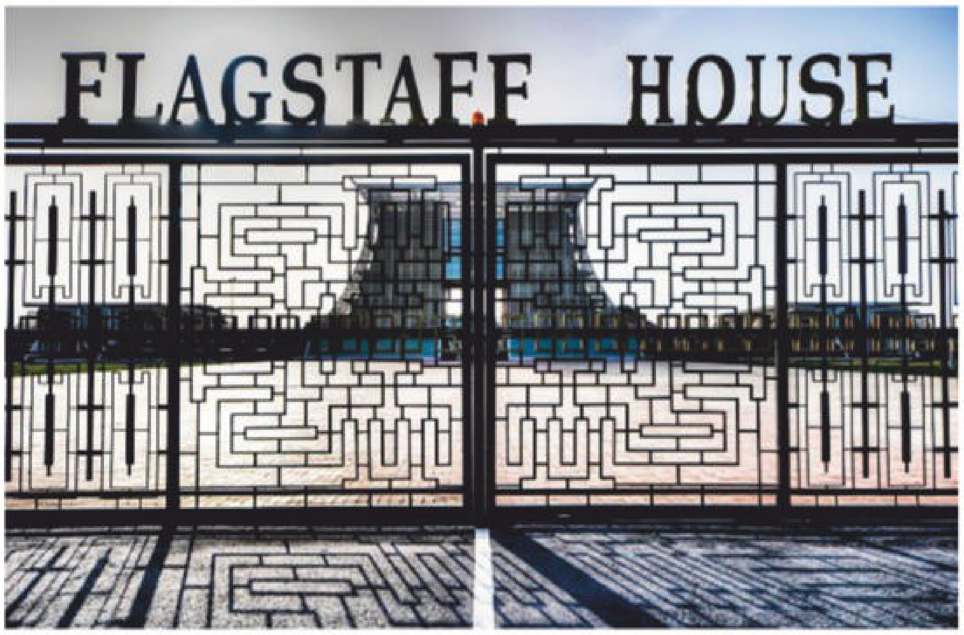

FELIX LIPOV/SHUTTERSTOCK

Both Mahama and Akufo-Addo want to make the stool-shaped presidential palace in Accra their residence and office after the December 2020 election

••• There was also, according to finance minister Ofori-Atta, a looming financial-sector crisis which, if it hadn't been dealt with, could have paralysed the economy. According to the latest figures from Ofori-Atta's 2020 budget, restructuring the banks, savings and loans companies, as well as the power sector is set to cost more than ¢30bn ($5.3bn) – or about 10% of Ghana's GDP.

The subsequent drag on the economy with that much money allocated to complex reforms, with little short-term benefit to living standards, has prompted analysts such as David Cowan, Africa economist at Citibank, to ask if the timing of the reforms was right. The cost of the banking reforms, according to Cowan, was higher than many had expected, including some inside government. "The combination of these two policy battles is sapping some of [the government's] political energy," Cowan wrote in a briefing note, "in particular the one-off spending costs which seem to have attracted considerable attention and have domestic political implications."

By that, he meant the money could have been spent on more growth-enhancing projects, to boost incomes and create jobs. Did Akufo-Addo have regrets about those reforms? "The reality was that we met these issues head on. [...] It would have been irresponsible not to have tackled these crises in the way we did," he said.

However, Cowan makes a wider political point about the government's mindset. Although most of the macroeconomic trends are positive, the government is on the defensive.

In the last week of November, Ofori-Atta wrapped up the debate on the 2020 budget in parliament with a set of glittering statistics: GDP growth doubling to 7% over the last three years; inflation halving to 7.7%; the fiscal deficit is under 4.5% of GDP; the trade balance is in a surplus of $2.6bn in 2019; and 1.2 million Ghanaians attend secondary school free of charge, justifying the outlay of ¢2.2bn.

Despite the cheerleading, Ofori-Atta was concerned enough about the throughput of his policies to announce a 21% boost to government spending in 2020. And he plans to raise another $3bn on the eurobond markets to pay for some delayed road-building projects and help restructure medium-term debt.

> **1.2 million Ghanaians attend secondary school free of charge**

Under pressure

None of that, insists Ofori-Atta, is about priming the treasury pump ahead of elections. Two years ago, the government passed a fiscal responsibility bill limiting budget deficits to 5% of GDP, constraining its spending impulses – at least on paper. Like the banker he is, Ofori-Atta has been adept at cutting debt service costs, by stretching out the maturities of some of the government's paper. He has been less successful in resolving the revenue-spending mismatch.

The business-minded NPP stood on a platform of cutting taxes in 2016, and it tried to cut rates and specific taxes for individual taxpayers. With a tough three years ahead – lower oil production and prices, a big tax holiday for the country's top gold mining company and a commitment to uphold improved buying prices for cocoa farmers – Ofori-Atta and the treasury are under pressure.

In 2020 the government is determined to fund its pre-election road-building programme. That will not cost them support as long as they do it without raising taxes on individuals. The main complaint from interviewees on the street was about the government's reluctance to spend, not its extravagance. Ofori-Atta's goal is to raise tax revenue to 20% of GDP from the current level of 13% over the next three years - just as GDP is forecast to dip to an average of 5.7% from about 7%.

The best explanation for why the government appears to be on the back foot, Cowan argued, is the divergences between the economic data, investor views and popular sentiment, much of which is negative. Less than a year before elections, that worries a governing party.

And it delights the NDC, according to Samuel Okudzeto Ablakwa, the party's •••

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••• foreign affairs spokesman in parliament and a former deputy minister of education. "Our internal polls are looking good," he told *The Africa Report*. "People who voted for the NPP are asking about all those promises."

Ablakwa is particularly exercised by the NPP's claims that his party is tarnished because of abuses of office. Many of the accusations concern the 'emergency' power deals negotiated under Mahama. It established a 'take or pay' system for producers. Because Ghana now has too much electricity, that system is costing between $30m and $50m a month.

Akufo-Addo has cancelled those provisions, triggering fresh legal fights. Ablakwa dismisses it all as posturing: "Look at the contract for gas turbines with Ameri in the UAE [United Arab Emirates] – the NPP said the cost of $510m was too high and the deal was corrupt."

But the NPP government's investigation into the contract was bogus, he said: "They allowed Ameri to sponsor the investigation. [...] They paid first-class airfares to Dubai and for five-star hotels. [...] Then the investigators proposed that the contract should be extended and another $300m added to it."

A row blew up in August about the proposed new deal with Ameri and the energy minister Boakye Agyarko was sacked. Angry at the government, he tells friends he was made a scapegoat and will explain all "at the right time".

Ablakwa added: "We are going to get tougher on these cases in 2020." He is pushing for a more activist parliament too: "a rebalancing away from the excessive powers of the executive. We lack the ability to hold a bloated government to account. [...] We seem to be ruled by family and friends."

That last remark referred to the myriad charges of nepotism against the NPP government, appointing more than 100 ministers and business colleagues to sinecures within the system. One of the prime targets for those accusations, Gabby Otchere-Darko, a combative corporate lawyer, is known as the 'prime minister', a soubriquet he laughed off.

Otchere-Darko robustly defended two of the most criticised deals approved by the government. "The $2bn Sinohydro deal offering the company bauxite is not really barter at all," he told *The Africa Report*. "It was just a smart way of avoiding the IMF's limits on taking on fresh debt. [...] We're going to repay the loans with the revenue from the projects."

Voters will have the chance to have their say on it all at the ballot box in December 2020. •

After three years in power, Akufo-Addo faces critical scrutiny across the country, especially outside his party's heartlands of Eastern and Ashanti regions

HEIKO JUNGE/NTB SCANPIX/AFP

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TECH

Hubs not hype

Africa has more than 600 tech hubs and rising, ranging from incubators and accelerators to co-working sites. While the start-up game is the survival of the fittest, it is also one where community is power

By **MARIÈME SOUMARÉ, QUENTIN VELLUET** and **MATHIEU GALTIER** for *Jeune Afrique* and **NICHOLAS NORBROOK**

USHAHIDI
pch Access
BRCK
Ushahidi
Gearbox

The iHub technology innovation centre in Nairobi supports local start-ups

WALDO SWIEGERS/BLOOMBERG VIA GETTY IMAGES

Groups of youngish Nigerians are sitting around a room arguing. Post-it notes colonise walls, connected by lines on whiteboards like an unorthodox police investigations unit. The colours are bright, the mood concentrated. We are at a hackathon in the Co-Creation Hub (CCHub), one of the famed tech hubs of Lagos, located in Yaba, which is considered Nigeria's Silicon Valley.

“We're structured as a social innovation centre, and from time to time we pick issues that are of critical social economic relevance and see how we can stimulate new solutions,” says Femi Longe, co-creator of CCHub. “What that typically entails is bringing people together from sectors that ordinarily don't interact, with the intention that they can come up with new products or services that can solve a really clear, distinct problem.”

Tech hubs often transcend the mere act of supporting start-ups

Entrepreneurs who tackle Africa's thorniest problems may well emerge from the protean soup of ideas, support and stimulus that is a tech hub. Nigeria's award-winning BudgIT non-governmental organisation for example – a start-up whose mission is to explain Nigeria's budget to citizens and track politicians' spending – was born in a CCHub hackathon.

African tech hubs are on the rise. A joint report by Briter Bridges and AfriLabs identifies 643 tech hubs on the continent. The definition is broad: accelerators, incubators, university-linked start-up support labs, maker parks, even co-working spaces. And while some have deep pockets and big projects, around two-thirds have fewer than 10 members of staff. But their purposes are often clear: to help tech entrepreneurs take their first steps towards launching a viable company and to support a growing ecosystem.

Briter Bridges founder Dario Giuliani, a co-author of the report, tells *The Africa Report*: “I have always thought we have been gauging hubs' work with the wrong scale. Hubs have been playing a catalyst role across Africa's cities that transcends the mere act of supporting start-ups. Although several such organisations still offer only co-working facilities, an often understated role these hubs play is that of safe havens for the youth in otherwise poorly conducive environments, as well as forward-looking training centres promoting digital literacy.”

Giuliani continues: “Our research and conversations with hub managers show that the majority of hubs rely on hybrid models that consist of consultancy services, equity in exchange for support and/or cash, donor funding for programmes [...]. This shows that chasing a unique identity for hubs might result in a waste of time.”

The next big thing

For CCHub's Longe, rather than company valuations, “the measure for us of success for our start-ups is their ability to build sustainable businesses that have been real concrete value in improving quality of life for people in Nigeria.” His hub also puts venture capital money into certain start-ups – including a blood-delivery service called LifeBank, whose founder, Temie Giwa-Tubosun, just won the inaugural Jack Ma entrepreneur award in November.

Nevertheless, the valuations of African start-ups have been rising. In the first half of 2019, the top 15 venture-capital funding rounds for African start-ups raised $286m, compared to $175m in the first half of 2018 – growth of more than 60%.

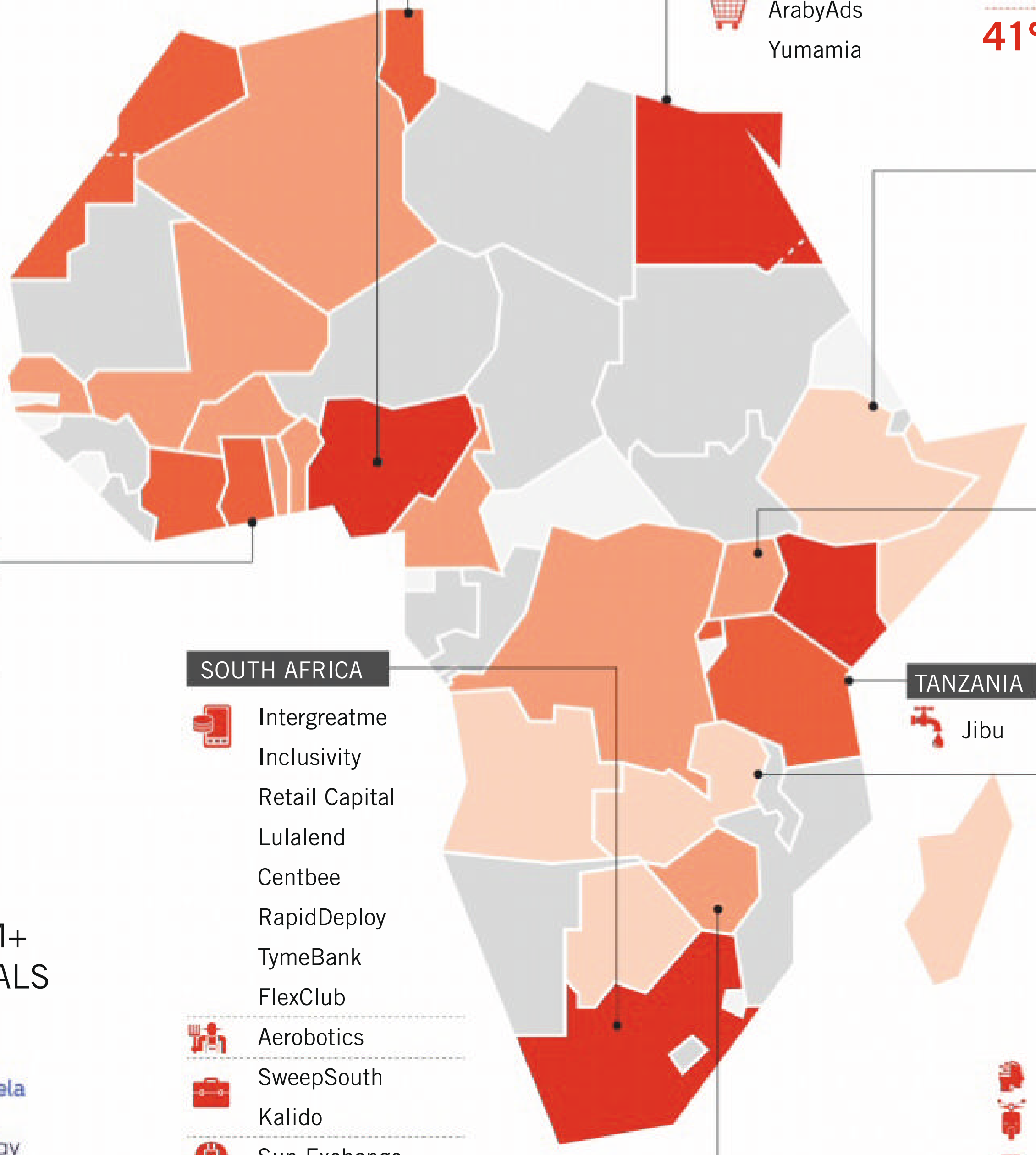
And in just the past few months, the pace has picked up: Visa pumped $200m into Nigeria's payment fintech Interswitch, and Chinese investors put a combined $170m into another Nigerian fintech, OPay. And yet another African fintech, PalmPay, raised

INNOVATION ACROSS THE CONTINENT

- 🟥 *50+ hubs*
- 🟥 *20-49 hubs*
- 🟧 *10-19 hubs*
- ▨ *5-9 hubs*
- ⬜ *2-4 hubs*
- ⬛ *0-1 hub*

643 ESTIMATED ACTIVE HUBS

39%	*co-working*
14%	*accelerator*
24%	*innovation hub*
41%	*incubator*



NIGERIA

- Farmcrowdy
- Kobo360
- Andela
- Gokada
- MAX.ng
- Kudi
- OneFi
- OPay
- TechAdvance
- TeamApt
- Arnergy
- 54gene
- MDaas Global

TUNISIA

- InstaDeep

EGYPT

- MoneyFellows
- Swvl
- ArabyAds
- Yumamia

KENYA

- MYDAWA
- M-TIBA
- Twiga
- Lori
- Sokowatch
- Shortlist

GHANA

- Redavia
- PEG
- mPharma

UGANDA

- Tugende
- Neopenda
- SolarNow
- SafeBoda

SOUTH AFRICA

- Intergreatme
- Inclusivity
- Retail Capital
- Lulalend
- Centbee
- RapidDeploy
- TymeBank
- FlexClub
- Aerobotics
- SweepSouth
- Kalido
- Sun Exchange
- WhereIsMyTransport
- GovChat
- Wealth Migrate
- Flow
- Enko

TANZANIA

- Jibu

ZAMBIA

- Rent to Own

MAURITIUS

- Daystar Power

ZIMBABWE

- Payitup

AFRICA'S $1M+ START-UP DEALS IN 2019

$100m	Andela
$50m	OPay
$42m	swvl
$41.7m	Retail Capital
$30m	kobo

- *deep tech*
- *ride hail*
- *fintech*
- *logistics*
- *mobility*
- *education*
- *retail*
- *energy*
- *jobs*
- *agtech*
- *water*
- *govtech*
- *housing*
- *health*

SOURCE: AFRILABS, BRITER BRIDGES

$40m from investors led by Chinese telecoms company Transsion. It, too, is targeting the Nigerian market.

There is no surprise, then, that many of these tech hubs are funded by big tech companies, which are always on the look out for the next big thing. Facebook, Google, Amazon, Microsoft and IBM are the largest sponsors of tech hubs. But African companies are backing them too, including Liquid Telecom – the data infrastructure company owned by Zimbabwean billionaire Strive Masiyiwa – Standard Bank, Africa's largest bank, and MTN, Africa's largest telecoms company.

Nairobi, Johannesburg and Lagos are the top cities for African tech, attracting global giants – including those from Silicon Valley – and a host of start-up entrepreneurs. Their countries have ecosystems favourable to start-up activities: large markets, widespread use of the internet on smartphones, as well as excellent network coverage, supported by groups such as MTN and Safaricom. Moreover, this development of technological sectors is supported by both governments and major companies, which form partnerships with start-ups and take stakes in their firms.

Francophone markets are small but growing. Partech's latest report, which tracks fundraising by start-ups, says that Senegal is the best-performing French-speaking country. It ranked seventh on the continent in 2018, ahead of Rwanda (8th), Tunisia (12th), Morocco (15th) and Côte d'Ivoire (18th).

But just like the incubator-swaddled start-ups themselves, tech hubs are fragile. Afrilab and Briter Bridges' research "identifies over 110 hubs that have shut operations in the last few years due to bankruptcy, pivoting or the expiration of their mandate".

One of the key roadblocks is capital: many hubs are unable to help companies reach investors to fund their growth. Another is a failure to provide the connections and advice to help companies evolve. "You can count the number of investment funds on the fingers of one hand, and the status of angel investor does not exist," says Amel Saidane, co-founder of the association Tunisian Startups. She also says government should reserve more public contracts for local start-ups.

Raymond Mendy, the head of CTIC, a growing incubator in Senegal, points out some of the problems he and the wider ecosystem face.

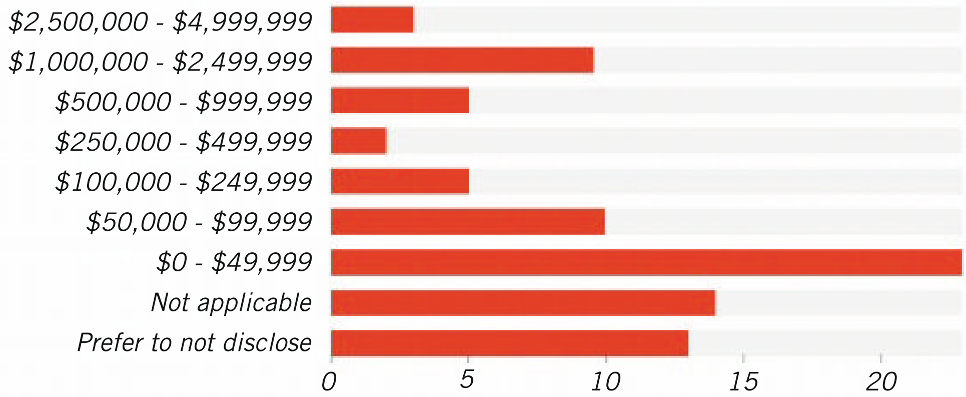
PARTNERS AND DONORS

*Key corporate partners**		*Key donors*
• Facebook	• BNP Paribas	• UKaid
• Google	• Access	• USAID
• Microsoft	• Barclays	• British Council
• IBM	• Deloitte	• AFD
• Amazon	• Mastercard Foundation	• La francophonie
• Liquid Telecom	• Orange	• Bill & Melinda Gates Foundation
• Standard Bank	• MTN	• The World Bank
• Vodacom		• GIZ

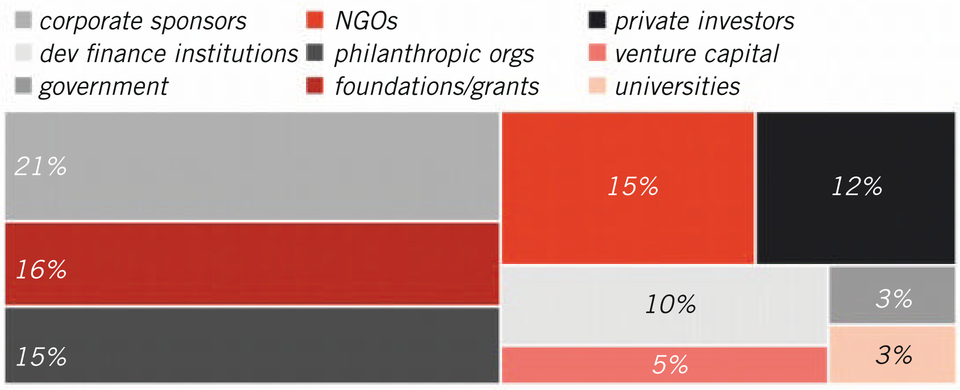
**The surveyed hubs were asked to mention partners who supported them either directly or funded any of their programmes*

SOURCE: AFRILABS, BRITER BRIDGES

TOTAL FUNDING RECEIVED *(Number of tech hubs)*



DONORS



SOURCE: AFRILABS, BRITER BRIDGES

The education system does not offer practical skills and struggles to adapt to the evolution of technological tools. "Academic training does not prepare students for entrepreneurship," he says, adding that incubators also lack expertise. He also criticises the big events organised by major companies: "Brands want to have the image of being close to the digital pioneers, but it's only an institutional positioning. Start-ups win competitions and small envelopes but do not focus on the essentials."

Regional agility

As a result of these challenges, hubs are forming alliances to deepen networks, to catalyse the best advice from around the continent and to access new markets. Oumar Cissé is a 42-year-old entrepreneur in Senegal who enjoys the laboratory feel of Dakar: "If you have an idea, you can be sure five other people have had the same. If you can make it work, you can be sure that it can be exported to other markets."

As in many secondary Francophone markets, all eyes turn to the opportunities of Abidjan. "There, there are fewer start-ups and the market is much bigger," says Cissé, whose financial services company InTouch has now entered several West African markets. "We realised that we had done the same turnover in six months in Côte d'Ivoire as we do in two years in Senegal." Like many of its competitors, Intouch provides businesses with the ability to access digital and other forms of payment.

Infrastructure is key. Abidjan has three undersea fibre-optic cables linking to the global web and also the presence of global tech giants. Orange and MTN, for example, both have incubators in and around Abidjan.

Morocco is another important Francophone tech pole. "Global giants like Atos, IBM, •••

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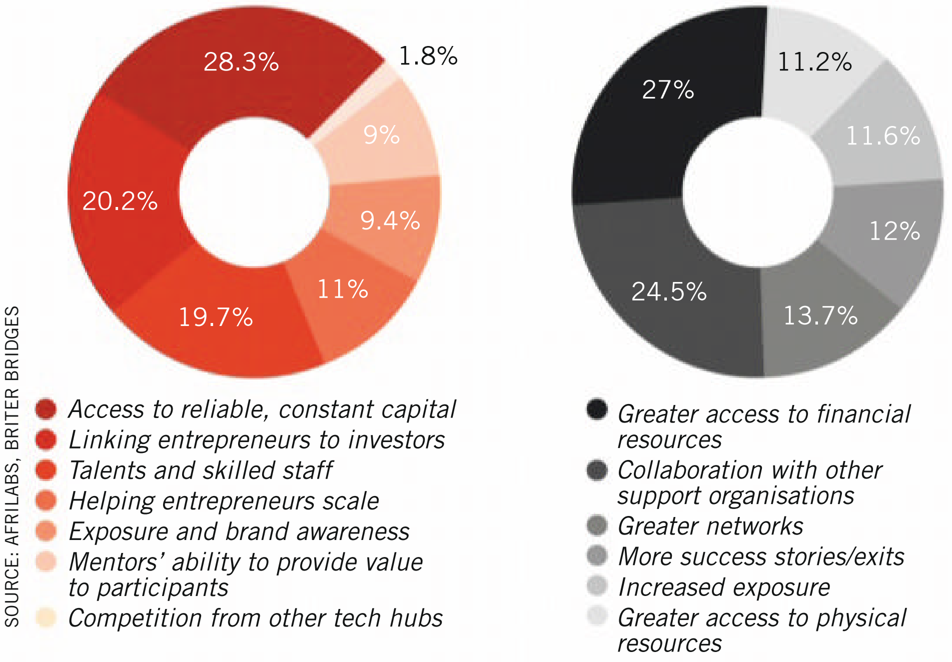
5,000
New jobs created [1]

62%
Female jobs annual growth [2]

PRI Principles for Responsible Investment

[1] Since 2008. [2] 2017-2018.

CHALLENGES AND TOOLS FOR SUCCESS



SOURCE: AFRILABS, BRITER BRIDGES

••• Oracle, Sage have chosen to set up in Casablanca and to make it a launch pad to Africa," says Saloua Karkri-Belkeziz, president of the *Fédération Marocaine des Technologies de l'Information, des Télécommunications et de l'Offshoring*. In the wake of these large groups, the network of start-ups is gradually expanding, with around 2,000 companies. Casablanca is home to three-quarters of the incubators and support structures for start-ups.

With the impact of the jobs crisis filtering through to even the most hard-headed of legislators on the continent, the state is getting involved. Some governments give assistance in kind. The CCHub, for example, was given assistance by Lagos State, with provision of subsidised high-speed internet. Côte d'Ivoire has launched the *Village des Technologies de l'Information et de la Biotechnologie* in Grand Bassam, a free zone which cost the government $65m. It provides 624ha of office and factory space.

Revolution and innovation

Others prefer focusing on the legal frameworks first. Senegal has a start-up act working its way through the legislative pipeline that will give a six-year tax holiday to firms and finance tech hubs, among other things. Tunisia's 2018 start-up act pays social charges for employers, lightens customs procedures and facilitates banking services.

The Tunisian revolution of 2011 played its role, which may point to a link between innovation and the openness of political institutions. Without the revolution, "it is inconceivable that the ICT minister at the time, Noomane Fehri, would have been able to get government officials and entrepreneurs together to dream up the start-up act," says Nader Bhouri, an adviser at the ministry.

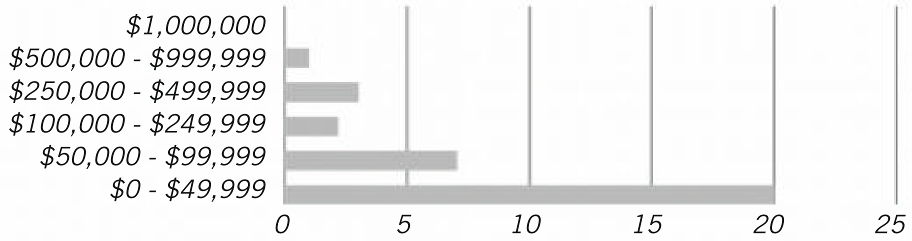
The ability of Ethiopian start-ups to survive despite regular internet blackouts also has to be applauded. They remain slim in number, which points to a wider problem; a start-up of whatever nature on the continent has big hurdles to clear in access to finance, infrastructure and the cost of logistics in a fragmented market.

Rwanda wants to solve the problem by clustering tech actors in one place. Today, the campus of the US university Carnegie Mellon appears a little lonely in Innovation City, in the north-east of Kigali. It was going to be joined by the famed African start-up Andela. However, Andela prefers the neighbourhood of Nyarugenge. Reinforcements are arriving in Kigali. IT security firm Kaspersky Lab has said it will set up an office in 2020. Alibaba, the Chinese e-commerce giant, is already in Kigali to set up a platform to help increase African exports to China (see page 68).

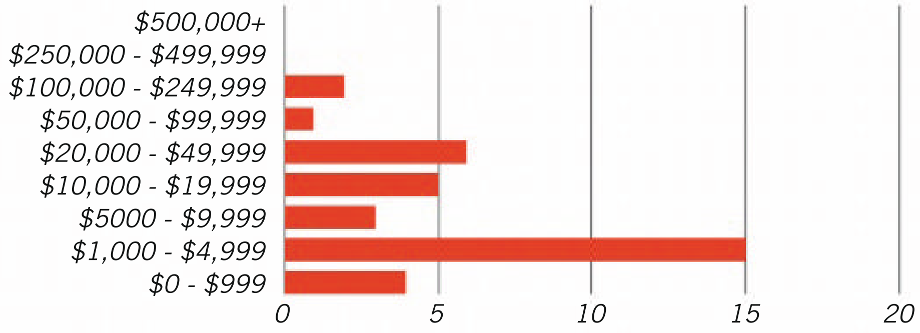
As Africa's tech environment strengthens and grows in the years to come, there will be more upheavals as weaker firms shrink and stronger ones take over their rivals. There are already signs of this amongst the continent's top tech hubs, which seek prime-mover advantages. This year, Nigeria's CCHub took over its Kenyan peer iHub. CCHub's co-founder Bosun Tijani told *TechCrunch*: "It strengthens our ability to support innovation [...]. It gives us a chance to attract greater resources and talent." •

IT security firm Kaspersky Lab will set up in Kigali in 2020

TOTAL INVESTABLE CAPITAL *(Number of tech hubs)*



FUNDING PROVIDED PER START-UP *(Number of tech hubs)*



SOURCE: AFRILABS, BRITER BRIDGES

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GNP 155 USD millions
Market Share +27%

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Huawei's tech brings opportunity but also the threat of increased surveillance for Africa's future citizens

BLOOMBERG VIA GETTY IMAGES

WIDE ANGLE

Beijing calling

In a new wave of engagement, Chinese companies are taking Africa's telecoms and other consumer markets seriously. But it is not merely about money, as this is playing out against the backdrop of geopolitical and ideological competition that will shape the world for decades to come

By **COBUS VAN STADEN** in Johannesburg

China is exporting smart-city technology to Africa, such as this CCTV system over Hoima Road in Kampala, Uganda

JAMES AKRENA/REUTERS

In 2017, American Gloria Parkhurst* was hired by China's largest dairy company, Yili. She was trained for six months in Beijing and was due to head back to the US to help Yili there. Then President Donald Trump started a trade war with China. Overnight, Yili's targets changed. "Instead, they sent me to Inner Mongolia to start working on market entry for Southeast Asia first… and then Africa next," says Parkhurst. China's second-largest dairy company, Mengniu, has also been sending commercial envoys to East Africa.

It is not just the trade war that is rewiring China's corporate engagement with Africa. Chinese companies are perhaps better at spotting and seizing opportunities on the continent, too. Many Western multinationals struggle to see Africa as a consumer market. A Nestlé executive famously said in 2015 that the African middle-class boom had been overestimated.

Infrastructure and extractive industries made up China's first wave of recent economic exchange with Africa, and consumer-facing companies are making up the second, starting with technology and finance. But a question remains from the first wave: can African countries and companies seize Chinese opportunities, too?

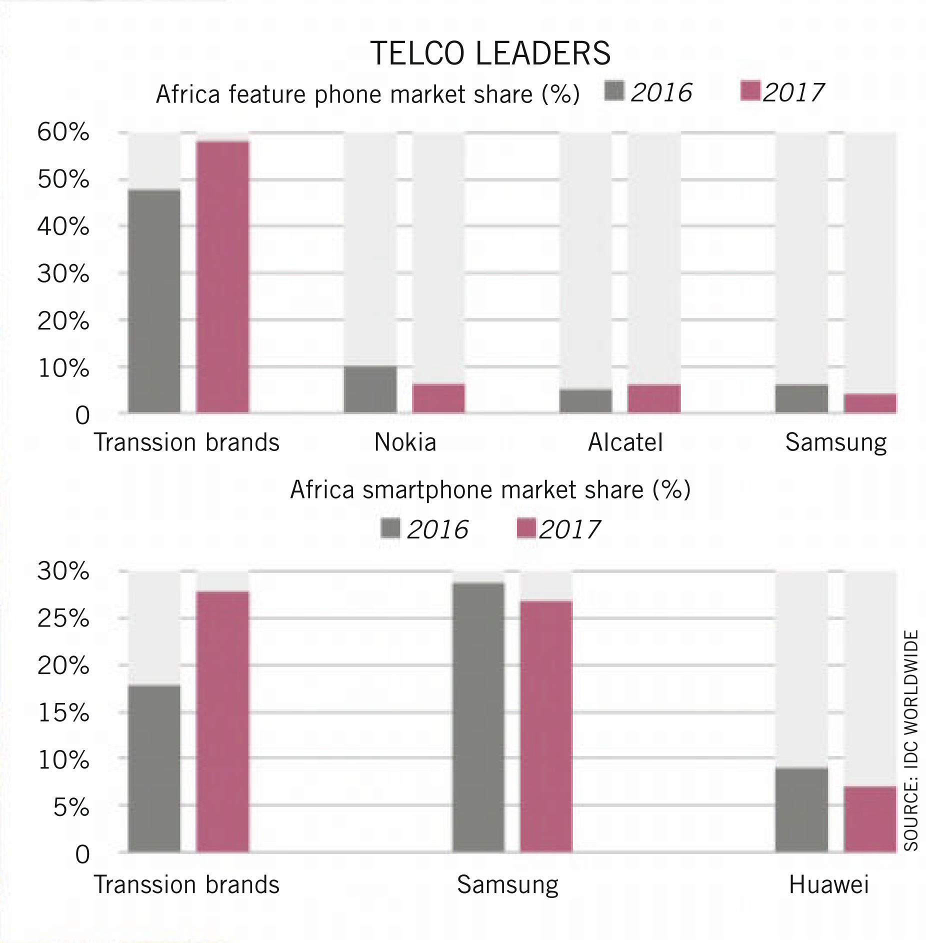
In the history of China-Africa relations, 2019 may go down as the year of the mobile phone – not only because it was the year when Chinese companies proved how much money you can make by selling African consumers affordable smartphones. Mobile telecoms, and the African networks that underlie them, also cropped up at the centre of one of the year's biggest geopolitical battles: the spiralling tensions between the US and China.

Can African companies seize Chinese opportunities too?

The last emerging market

One of this year's defining moments in Africa's relationship with China did not happen in Africa. Rather, the Shanghai-based STAR market – a competitor to the US-based NASDAQ – saw the launch of a very strong initial public offering. Chinese company Transsion attracted around $400m in financing, which at one stage pushed the firm to a $7bn valuation. Yet very few Chinese even recognise the name. This is because Transsion's Tecno and other brands of phones are mainly sold in Africa.

Africa is the world's last real emerging market for mobile phones. While phone sales in China are slumping, some African consumers are only buying their first phones this year. Transsion knows this and works on razor-thin profit margins to keep prices as low as possible. It has also adapted design to African realities, including longer battery



SOURCE: IDC WORLDWIDE

life and a camera calibrated for darker skin tones. Phone companies shipped 52m mobile phones to Africa in the first quarter of 2019, and Transsion phones made up 37% of that.

The success of the Tecno phone did not just boost Transsion's handset sales. The company launched the phones with its Boomplay music streaming service preloaded. This means that while Western music streaming services like Spotify, Apple Music and Deezer are still nibbling around the edges, Boomplay suddenly became Africa's biggest music streamer. It revealed a reality that has been hiding in plain sight: consumer media is exploding in Africa.

One problem keeping some investors away is that reaching these consumers can be arduous. While the average international cost to manufacturers to cover the so-called last mile to the consumer comes to about 28% of the cost of the product, Africa's tricky logistics inflates this cost to 55%.

This is where Chinese companies have an added advantage: the might of the Chinese government and policy banks. Financing for large-scale projects like data networks is negotiated at the state level. This financing is frequently tied, which means that a Chinese contractor is locked into the deal. In return, they are frequently turned into win-win narratives by China's official propaganda machine.

Take the Chinese satellite TV provider StarTimes. With the Chinese government, it has launched the 10,000 Villages project, expanding satellite TV networks to poor communities across East, West and Southern Africa. A recent visit to StarTimes's headquarters in Beijing revealed booth after booth filled with African students translating the dialogue to popular Chinese soap operas into languages like Kiswahili and Hausa. The dubbed dramas will roll out at very low costs, while StarTimes undercuts competitors like South African satellite TV provider MultiChoice.

Geopolitical power of tech

But tech is never just fun. In Africa, it is increasingly becoming a space for geopolitical wrangling between China and the US.

In July, the mayor of Tshwane departed on a junket to China to view smart city technology. The trip was sponsored by Huawei, only one of several Chinese companies marketing

Transsion's Tecno handsets are specially made for Africa - and have cornered 37% of the market

SUN RUIBO/XINHUA-REA

systems including facial recognition cameras and machine-learning algorithms as a solution to crime and inefficiency. Many of the African governments considering this technology are far from liberal, and some fear Chinese tech will be used to crack down on political opponents. Western critics have accused China of exporting authoritarian tools to Africa via tech. Iginio Gagliardone, author of *China, Africa and the Future of the Internet*, disagrees: “China doesn't really have a template approach, and it tends to fit [...] into the scheme that is being created by the countries in which China is doing business.”

The US trade war puts pressure on African leaders to choose sides

Facial recognition software

About 25% of African countries are investing in artificial intelligence systems. Uganda has confirmed that its $126m smart city project uses Huawei facial recognition software. Huawei has also installed 1,800 cameras and 200 traffic surveillance systems in Nairobi. The company claims the system almost halved crime rates in the city.

The US administration's targeting of Huawei as a security threat in its larger trade war with China is putting pressure on African leaders to choose sides. The financing dynamics underlying the current dominance of Chinese tech in Africa meant that, for several of them, the choice was a no-brainer.

The support for Huawei in the global south goes beyond ideology. The host of the Africa Tech Roundup podcast, Andile Masuku, sees African leaders evaluating the Huawei dispute in very different terms than Washington: “We're hearing African nations, even the stronger economies, coming out and saying we need to think what is best initially for our national citizens, and more broadly what's good for Africa.”

Adam Lane, Huawei's senior director of public affairs in Southern Africa, emphasises the corporate over the political: “It's business-to-business. That means you work with the Safaricoms, with the Telkoms, with the MTNs, with the Airtels, for decades, ideally.”

But behind this cosy B2B'ing Masuku sees a wider ideological struggle in which the fights with Huawei are a proxy for the formation of a new ‘Third World’: “As China and America duke it out for ideological and commercial dominance, where the Third World was [previously] mostly about who sided with America and its allies vis-à-vis the Communism issue, I see a new Third World forming around who gets to dictate how the world should be run, what constitutes fairness, what constitutes a more equal spread of wealth perhaps, or what constitutes the brand of capitalism that should prevail.”

China is now the largest single financier of African infrastructure. It finances one of every five projects in Africa, and builds one in three. However, this role has not been without controversy. This year was also the year of the ‘debt trap’ narrative – the idea that China uses loans to weaken poor countries and in so doing gain leverage over them. US government officials have recently doubled down on this narrative (see page 140).

The problem with the debt trap narrative is twofold: in the first place it underestimates the decision-making power of African governments and thus underplays the barriers they face to infrastructure financing. It also overestimates Chinese power, as if Beijing has endlessly deep pockets. In truth, Chinese concern about African debt is all too real.

In April, Kenya's President Uhuru Kenyatta travelled to Beijing to get financing for the third phase of the Standard Gauge Railway, a Chinese-funded project to connect several East African countries. To Kenyatta's embarrassment, Beijing declined to fund the third phase, requesting that the government conduct a new project-wide feasibility study •••

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VISUAL CHINA GROUP VIA GETTY IMAGES

Jack Ma smelled the coffee and decided to launch eWTP in tech-friendly Rwanda

••• before more loans will be considered. Uganda said it will seek alternative lenders for its section of the railway, after China also refused Kampala a $2.2bn loan.

The question then becomes why China financed parts of the project in the first place. Chinese officials frequently characterise their engagement in Africa with the idiom of 'crossing the river while feeling the stones.' It could be that Beijing has waded up against a submerged boulder: that one should not necessarily trust feasibility studies when African governments have a lot at stake.

Allies against the West

China's domestic economic slowdown is also a reason for the new hesitancy. In April, China's President Xi Jinping emphasised "quality" projects and criticised so-called vanity projects. This and the reduction-via-accounting of the financing target offered at the 2018 Forum on China-Africa Cooperation are clues that the days of ever-escalating Chinese financing for Africa are coming to an end.

That said, China remains Africa's main infrastructure partner. This earns Beijing significant political capital. But the tension between the US and China is pushing African countries to adopt unfamiliar political positions in multilateral forums. Recently, a UN vote led by the US and UK to censure China for human rights abuses in Xinjiang was defeated due to pro-China pressure. Many governments, including Sudan, Egypt, Somalia, Algeria and Nigeria, signed a letter praising China's policies targeting the Muslim Uyghur population.

Uganda also recently came out in support of China's position over the ongoing protests in Hong Kong, while African votes have been instrumental in getting Chinese candidates into top jobs at multilateral organisations.

The reality underlying this shift is a wider decline in Western economic influence in Africa. This trend is lessening Western leverage, as Washington found out when it expelled Cameroon from the African Growth and Opportunity Act for human rights abuses this year. The measure drew barely a shrug from Yaoundé, with a reminder that China is now Cameroon's main trading partner.

One way that African countries can benefit from Chinese interest is through supplying the huge Chinese market. Earlier this year, supermarkets in Shanghai and Beijing put up elaborate displays of South African citrus fruits. Exporters had just passed a four-year certification process to use a different shipping technology, but the splashy displays had nothing to do with the details of pallets versus containers. Rather, they sent a message to producers in Florida and California that China can get produce without bending to Washington's demands.

These developments reveal two realities: African agribusiness is making inroads into China despite its complex certification procedures, and the trade war has dragged commerce into the heat of geopolitics, opening up unexpected opportunities for African producers.

But getting into the Chinese market is only one step. The real struggle is communicating with Chinese consumers and positioning products in a crowded marketplace. Rwanda and Kenya have been particularly effective in this. Java House, Kenya's largest chain of coffeeshops, has signed with Shanghai-based distribution company Green Chain. •••

The days of ever-escalating Chinese financing are ending

Rwanda is also cooperating with the Chinese e-commerce giant Alibaba (see box) to sell its coffee on the Chinese market.

In China, Alibaba's e-commerce network made it easier for small-scale farmers to sell products in cities. A similar system could help African farmers and boost intra-African and China-Africa trade. But the reality is also that getting into the Chinese market is a multi-year rollercoaster of trade negotiations, and many African countries lack the capacity to negotiate the entry and to position their products.

A shorter-term solution might lie in greater Chinese engagement in supporting intra-African trade. The African Continental Free Trade Agreement is starting to erase some of the barriers to cross-border trade. Chinese corporate support for African payment systems like M-Pesa and the expansion of Chinese services like Alipay from Chinese tourists to African traders could speed that along.

But if the year of the mobile phone proves anything, it is that these developments will also bring political complications. The many Chinese phones flowing to the continent, and the data networks set up by the likes of Huawei, can help African citizens to question local elites – and the deals they sign with China. It will allow Africans to ask hard questions about what kind of global economy they want and which international partners will help the world's youngest population to thrive. Just because their phones were made in China does not mean they will choose Beijing. ●

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* An alias

From Alibaba to Africa

Jack Ma with Kenyan entrepreneurs in Nairobi

CHEN CHENG/XINHUA

When Jack Ma stepped down as Alibaba's chairman in September 2019, he announced that he would be spending his retirement in a surprising way. The tech legend, who grew China's Alibaba into a $450bn success story, said he is turning his attention to African 'netpreneurs'. Ma says he was not hunting for the next Alibaba in Africa when he visited Togo on 14 November. "People like e-commerce, today people trust e-commerce," said Ma. "It's just like virgin land. People need it."

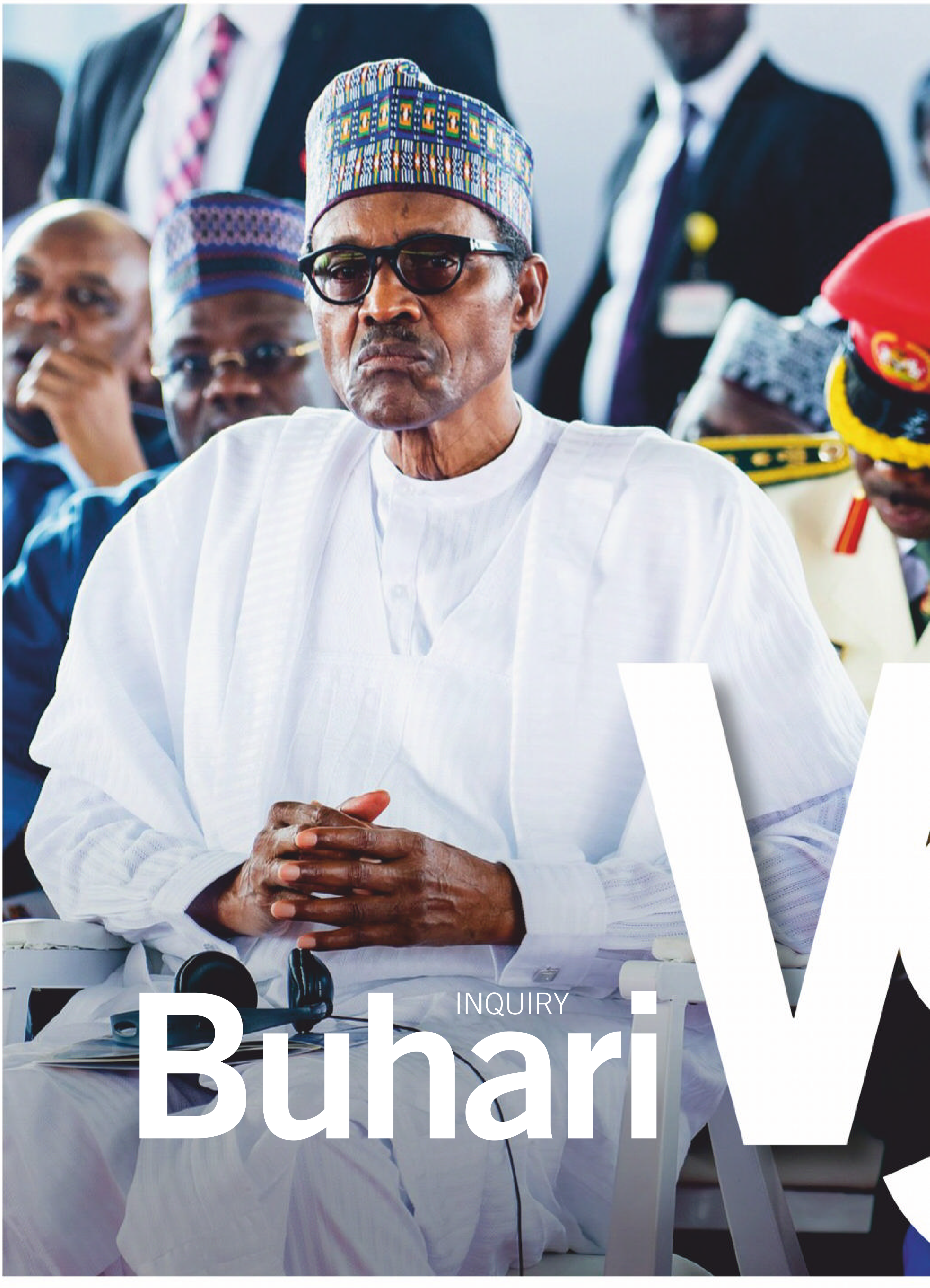
Ma's approach to Africa oscillates between philanthropy and business. On the developmental side, his Africa Netrepreneur Prize offers aspiring entrepreneurs the chance to compete for a $1m grant that can be used to fund a start-up. He talks about wanting to boost the "Three Es" in Africa: e-government, education and entrepreneurship.

But Ma also wants to do business with the continent. A year ago, Alibaba's Electronic World Trade Platform (eWTP) was expanded to Africa. It allows small and medium-sized enterprises to sell directly on its e-commerce platform.

Dean Diabate, a project leader on this expansion, recalls: "Jack Ma met with President Paul Kagame in Davos back in January 2018, and they really had a great communication around what the future of Africa should be, how the relationship between Africa and China should look in the future – so much that Jack and President Kagame came into an agreement that eWTP in Africa should actually start with Rwanda."

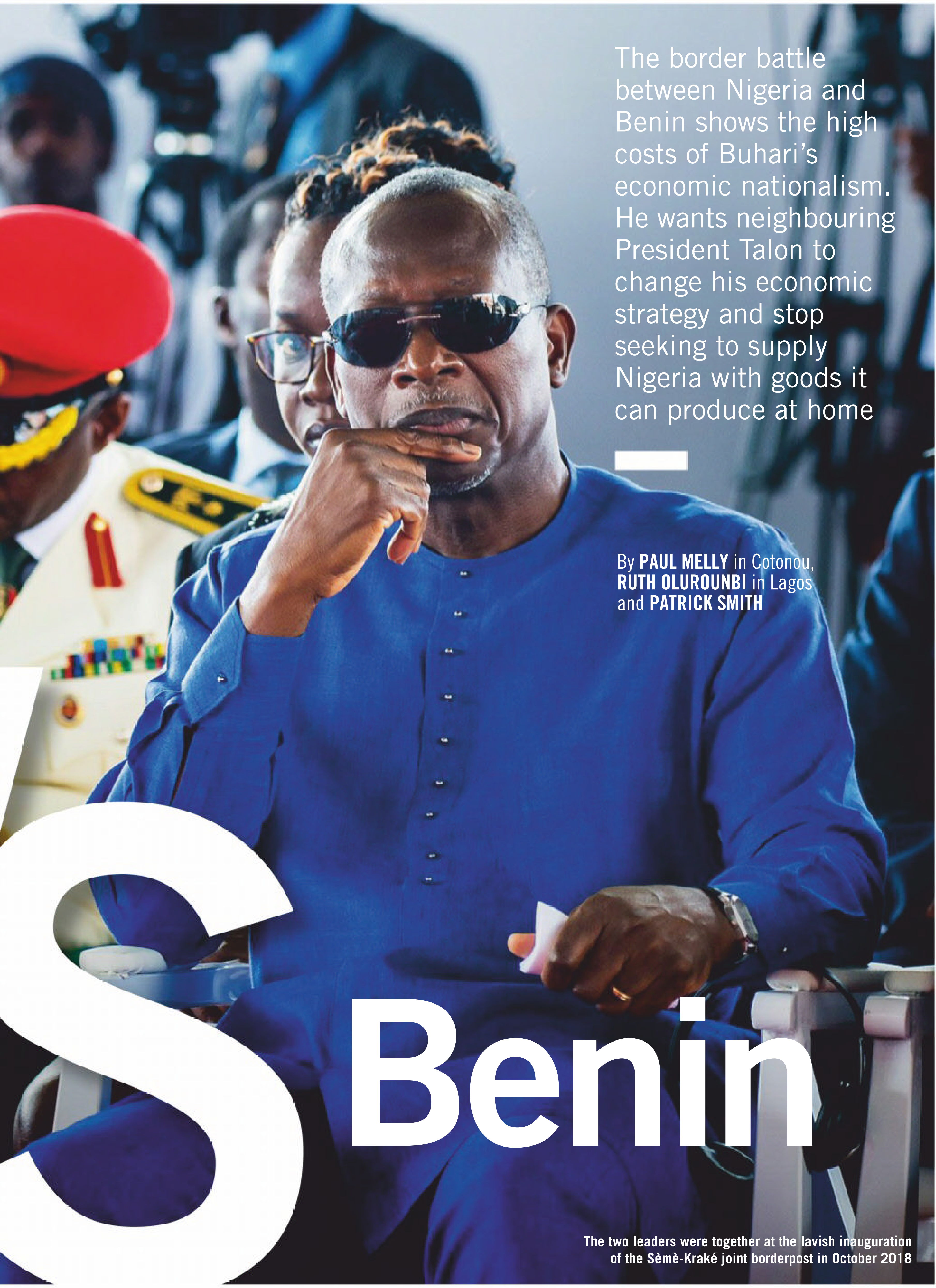
eWTP's Rwanda-centred launch shows how Ma's different African interests overlap and keep driving Alibaba's expansion. In March, Alibaba announced a collaboration with Kenya's Safaricom to allow customers to buy from Chinese shops on its e-commerce site Aliexpress via the M-Pesa payment system. M-Pesa also allows users to send money via WeChat Pay, an Alibaba competitor. In July, Alibaba's online payment system, Alipay, teamed up with Nigerian-founded fintech start-up Flutterwave to facilitate payments between China and Africa.

In November, Ethiopia became the next eWTP country. In conversation with *The Africa Report* in February, the late Safaricom CEO Bob Collymore admitted that global tech giants like Facebook and Alibaba were now the greatest rivals to his business. ●



INQUIRY

Buhari W



S Benin

The border battle between Nigeria and Benin shows the high costs of Buhari's economic nationalism. He wants neighbouring President Talon to change his economic strategy and stop seeking to supply Nigeria with goods it can produce at home

By **PAUL MELLY** in Cotonou, **RUTH OLUROUNBI** in Lagos and **PATRICK SMITH**

The two leaders were together at the lavish inauguration of the Sèmè-Kraké joint borderpost in October 2018

RODRIGUE AKO/PRESIDENCE DU BÉNIN

It was a lavish ceremony to mark the latest stage in Africa's economic integration – the opening of a gleaming new hi-tech joint border post in October 2018 costing a cool 12bn CFA francs ($20m), at Sèmè-Kraké, one of the busiest frontiers on the continent.

Two presidents – Benin's Patrice Talon and Nigeria's Muhammadu Buhari – standing shoulder-to-shoulder with top officials from the Economic Community of West African States and the European Union celebrated this coming together of technology and the pursuit of free trade in the region.

The Sèmè-Kraké frontier was one of the worst choke points on the Lagos-Abidjan route, along which more than 70% of West Africa's transit trade passes. It was a magnet for anyone trying to smuggle contraband into Nigeria, Africa's second-largest economy, from Benin, one of its smallest.

Trucks and even taxis could get stuck for days at the crossing while customs officers languidly inspected a long line of lorries and battered minivans overheating in the tropical sun.

All that would change, promised Talon at the opening ceremony, was that the born-again border post would "improve the coordination of our customs officials and facilitate the movement of people and goods". Buhari gave a knowing smile.

Irritated by the free flow of cheap but banned imports, usually from Asia, through Sèmè- Kraké heading for the mega-market of Lagos, successive Nigerian leaders have lashed out at their smaller neighbour for failing to control the traffic.Ultra-modern facilities at Sèmè-Kraké and sophisticated inspection equipment would change all that, said Talon. A businessman-politician who ran an import verification company called Benin Control, Talon has a clear interest in high volumes of trade with Nigeria, as it accounts for an estimated 20% of Benin's gross domestic product.

Paralysing effects

So choked is Apapa port in Lagos, many companies in Nigeria prefer to bring in raw materials, commodities and machinery through the ports at Cotonou or Lomé further down the coast. That business boomed after the new border post opened, and so did the Talon-linked import inspection empire.

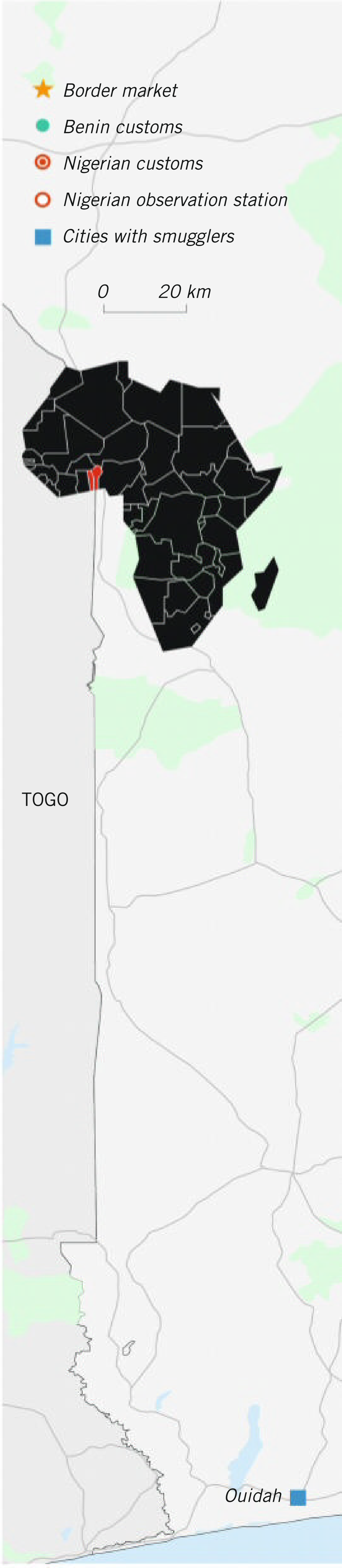
That lasted until August of this year when Buhari shut the border to all goods. Only people would be allowed through. Now the Sèmè-Kraké border is all but deserted.

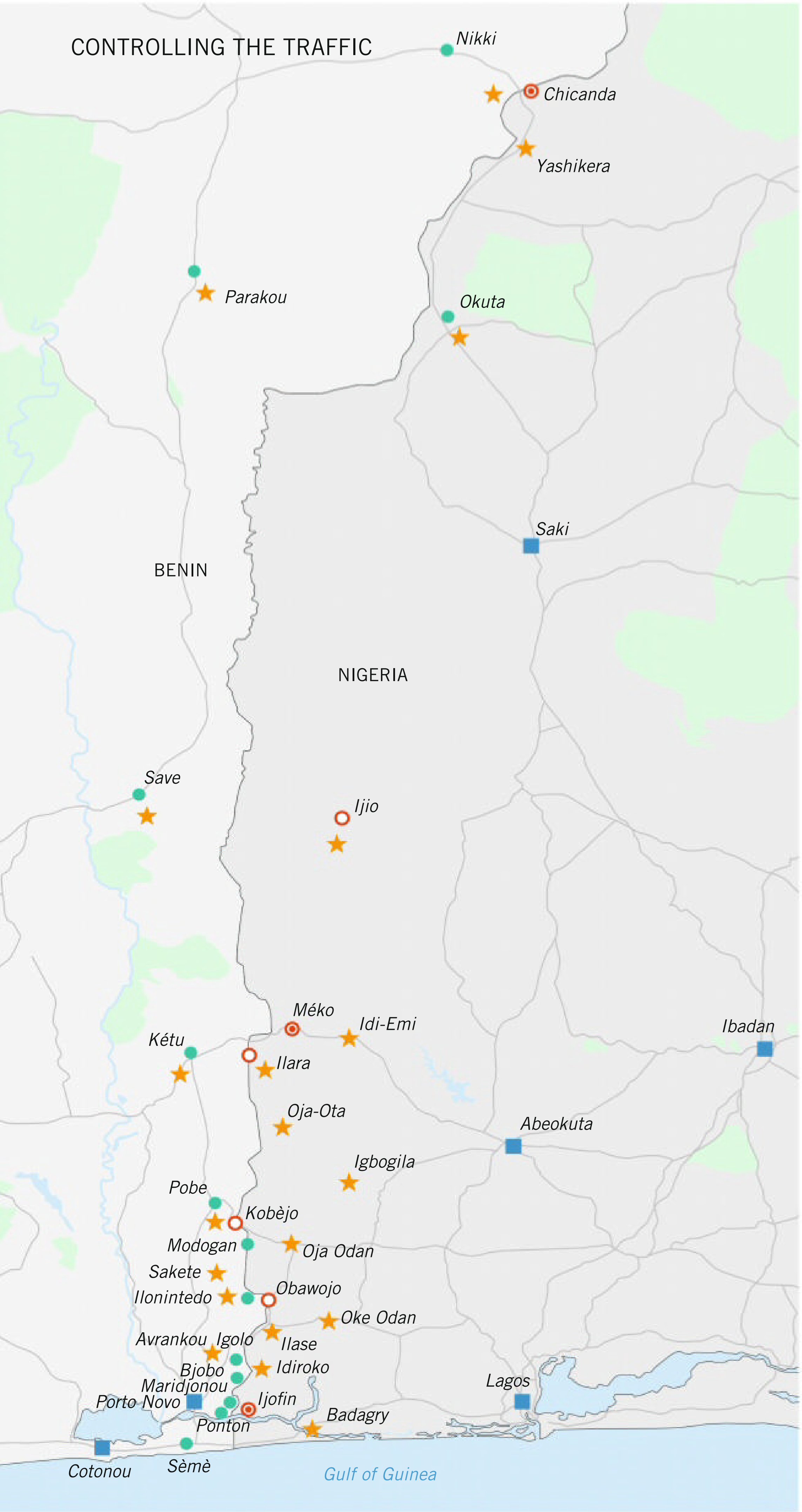
The paralysing effects of the border closure have reverberated along the coastline as far as Côte d'Ivoire. Companies – both from Nigeria and neighbouring states – complain their businesses have been wrecked.

For Buhari, that is collateral damage in a wider campaign. Using a form of command economics, he wants to restructure the country. That means diversifying away from oil and gas exports, boosting the farming economies of the northern states and ending food imports costing more than $10bn a year.

For critics, General (retired) Buhari is returning to type, barking orders across the parade ground. "Buhari's record says that he does not understand a gradual approach to solving economic, or even political issues, and it shows here," says Cheta Nwanze, head of research at the Lagos-based consultancy SBM Intelligence.

Some policymakers in Abuja seem surprised by the pushback, thinking that the effects on Nigerian companies would be very limited. "The impact on Nigerian businesses who export to West African countries could be severe," continues Nwanze," because the Nigerian market is broad but not deep. The risk is that they lose a lot of their export market to competitors."




CONTROLLING THE TRAFFIC

Nikki
Chicanda
Yashikera
Parakou
Okuta
Saki
BENIN
NIGERIA
Save
Ijio
Méko
Idi-Emi
Ibadan
Kétu
Ilara
Oja-Ota
Abeokuta
Igbogila
Pobe
Kobèjo
Modogan
Oja Odan
Sakete
Obawojo
Ilonintedo
Oke Odan
Avrankou
Igolo
Ilase
Bjobo
Idiroko
Maridjonou
Porto Novo
Ijofin
Lagos
Badagry
Ponton
Cotonou
Sèmè
Gulf of Guinea

SOURCE: JACKSON A. ALUEDE

Although the border remains open for travellers on foot and by car, trade between Benin and Nigeria now goes either by sea or across the smugglers' routes further north of the shiny new border post.

Customs officials in Abuja say this closure will continue until at least the end of January. On 29 November the central bank governor Godwin Emefiele told bankers he would advise the government to keep borders shut. Earlier, he had said they could stay shut for two years.

He added that problems caused by the closure in Nigeria – such as shortages and inflation – were "temporary and reactionary". The medium-term benefits would outweigh the short-term costs. "We should encourage Nigerians to consume goods that can be produced in Nigeria," Emefiele concluded, echoing one of Buhari's favourite dictums.

With the African Continental Free Trade Agreement due to start in July 2020, Buhari's border shutdown flies in the face of the 'open Africa' talk. Benin and Nigeria were among the last governments to ratify the free trade treaty at a grand ceremony in Niamey last year.

Niger, their landlocked northern neighbour, likes regional free trade. And the regional economy is not responding to Abuja's orders.

Fuel in glass bottles

Each evening, lorries queue to collect cargo from Cotonou port, destined for Lagos. Now that the main border is closed, those cargoes are smuggled across the border, earning a rich premium for the operators.

On the Nigeria side of the border, smugglers riding motorbikes laden with jerrycans of subsidised gasoline cross into Benin to sell their fuel in glass bottles by the roadside at a 50% mark-up.

In Kano, the commercial capital of northern Nigeria, factory owners prefer to bring in raw materials through Niger instead of Lagos. There are smugglers carrying bags of cement across the border from Niger into Nigeria's far-northern state of Katsina. But on examination, the cement had originally been produced in Nigeria.

How and why it was trucked up to Niger and who benefited from this weird triangular trade was not clear. Sometimes, West Africa's border economies are as intricate as a derivative trade on Wall Street. But market forces usually dictate the terms: things like •••

(SECURE TRANSIT)
(SECURE TRANSIT)
INSPECTION AREA

Companies in NIgeria and neighbouring states say that the border closing is destroying their businesses

PIUS UTOMI EKPEI/AFP

••• cost, consumer demand, production capacity and competitiveness. With more than 200 million people, Nigeria has a legendary demand for food, cars, electronics and all manner of consumer goods.

At the same time, it has West Africa's most developed manufacturing sector, albeit one weakened by trade liberalisation. Smugglers profit from taking Nigeria's subsidised fuel across the border to neighbouring states and locally grown grain to the arid states of the Sahel. These trade flows, illicit or official, are robust, based on supply and demand. They're not amenable to fiscal policy and regulations. Closing borders can have unintended consequences.

Solomon Alade won a contract to export more than 1,000tn of cocoa to the Netherlands just before Buhari closed the border. Cut off from his suppliers in the region, Alade's business is struggling.

Trade flows, illicit or official, aren't always amenable to regulations

Rotting produce

A chronic shortage of bags Nigerian producers use for exports is snagging the trade. "As exporters, we buy jute bags and other products from Ghana because they are cheaper," says Segun Oluwaji, the managing director of Woodgate, which ships cocoa to Europe. "As we speak, there are truckloads of bags stranded at the borders due to the closure." Without those bags for export, produce may rot or orders will be held up indefinitely. "What is likely is that we will exhaust all the bags here in Nigeria. We have contracts to fulfil and missing those targets will cost us greatly," adds Oluwaji.

Within Nigeria, prices of imported foodstuffs – now including a smugglers' premium – have gone up by at least 20%, but overall, the regional economy has slowed down. Benin is losing its trade-based revenues and Togolese farmers see their produce destined for Nigeria rot at the Sèmè-Kraké border crossing.

On Nigeria's northern border in the Sahel, prone to drought and food scarcities, the consequences could be still more serious. The shutdown of the busy Jibia crossing, north of Katsina, is stifling economic activity and employment in Maradi, Niger's second-largest city. It also undermines the longstanding mutual trade between northern Nigeria and the southern provinces of Niger.

Each region sees the other act as its natural reserve of cereals according to changes in rainfall, yields and harvest times. Niger is an important supplier of livestock to cities in northern Nigeria and beyond. That trade – already hit by clashes between herders and farmers in Nigeria's Middle Belt – is under new pressure. Again, the shortages are pushing up prices in the markets.

On paper, the border closure was to cut Nigeria's food imports – particularly those from outside Africa that were being brought in via Cotonou. So far, there is little sign that the shutdown is achieving this. When it was imposed in August, the cereal farming season for most crops in northern Nigeria was already underway. It is too late to boost this year's output, except perhaps for rice, which is on a different seasonal cycle. And increasing farm production depends on many variables.

Credit, seed and fertiliser must be ready well in advance, to influence farmers' planting decisions. Fertile land and reliable water supplies are the bedrock, along with better •••

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Empowered lives.
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TO EMPOWER

100,000 in **10**
African entrepreneurs Years

YEAR 1

2,100 in **7**
Businesses to be funded Countries

Tony O. Elumelu, CON, Founder, Tony Elumelu Foundation and Ahunna Eziakonwa, UNDP Regional Director for Africa: at the signing of the TEF-UNDP Entrepreneurship Programme partnership at the AU Summit in Niamey, Niger.

In 2019, 81,000 applications were received from Burkina Faso, Cameroon, Chad, Mali, Mauritania, Niger and Nigeria.

Cross-section of entrepreneurs undergoing training at one of the centres.

••• roads and efficient ports. Closing the border and chasing smugglers is not enough.

The centrepiece of Buhari's campaign for food self-sufficiency, the "rice revolution", has worked, say farmers. To boost local production, the central bank released $150m in loans to local rice farmers at 9%, about half the commercial rate. Then the presidency slapped tariffs and levies of about 70% on rice imports. That has boosted local rice production, but it falls far short of national demand (see graph). According to Aminu Goronyo, president of the Rice Farmers Association, the border closure has saved about N300bn ($829m) on imports. Nigeria is producing rice locally for a fraction of the cost of imports, argues Goronyo, and is creating jobs.

Yet the US Department of Agriculture forecasts that by 2020, Nigeria is to import 2.4 million tonnes, making it the third-largest rice importer after China and the Philippines.

Benin is a big rice importer too (see graph), and that suggests that traders will find ways to circumvent Nigeria's ban on imported rice from Asian producers.

In principle, Nigeria will buy rice grown in Benin and Niger. In reality, vast consignments of rice from Thailand and Vietnam are dumped in Benin through Cotonou's vast container port, then re-bagged and re-labelled as 'made in Benin'.

'We are pleading'

For Nigeria's exporters of millet and sorghum, the border closure is evidently bad for business. The third-largest sorghum producer, Nigeria produces about 7.4m tonnes a year behind the US' 11.5m tonnes and India's 7.5m tonnes, according to the UN's Food and Agriculture Organisation.

"Sorghum is one of the crops we produce in surplus in Nigeria … we export to Niger Republic and other countries in West Africa. Closing the border means that we cannot export," says Rikotu Isa, who farms more than 5,000ha of sorghum in Kebbi State. "We are pleading with President Buhari to help us find other means of selling our products," he adds.

According to traders in the once-busy Kara cattle market in Ibadan, in western Nigeria, their business has taken an even bigger hit. A trader calling himself Alhaji Abdusalam says they will suspend business once the current herd of cattle imported from Niger are sold: "Animal business is a tricky thing. We can't afford to order animals until the borders are reopened." He tells *The Africa Report* that there are trucks of food stranded at the border due to the government's directive. "Live animals need food, water and care, and they can't have those if they are stuck at the border. That will be a huge financial loss for us."

According to the UN, Nigerians eat 380,000tn of beef a year and opinions vary about how much of that, most imported on the hoof from Niger, will avoid the border shutdown.

"The closure will affect the cattle market," says Saleh Alhassan, national secretary of the Miyetti Allah Cattle Breeders Association, "but not to the extent that it will disturb the market. It is functioning right now."

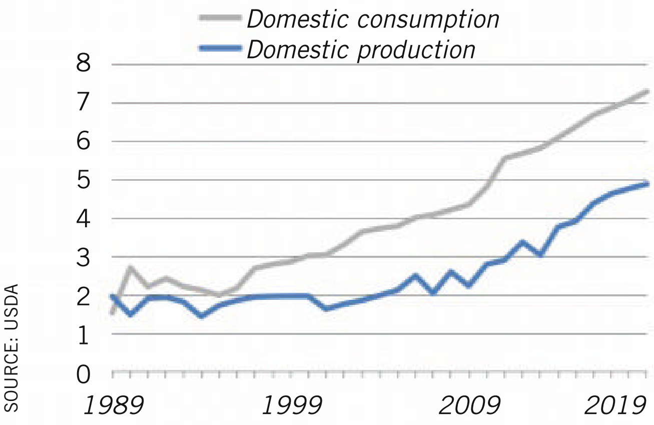
But it is also encouraging local producers. "There has been improvement in security," Alhassan said, referring to the clashes over land and water between herders and farmers. "By stopping the importation of livestock, it will raise local livestock production."

These are tough times in the sprawling Idumota market, just outside of Lagos, which sells everything from consumer electronics

Traders can circumvent the ban on rice imports from Asian producers

NIGERIA'S 'RICE REVOLUTION'

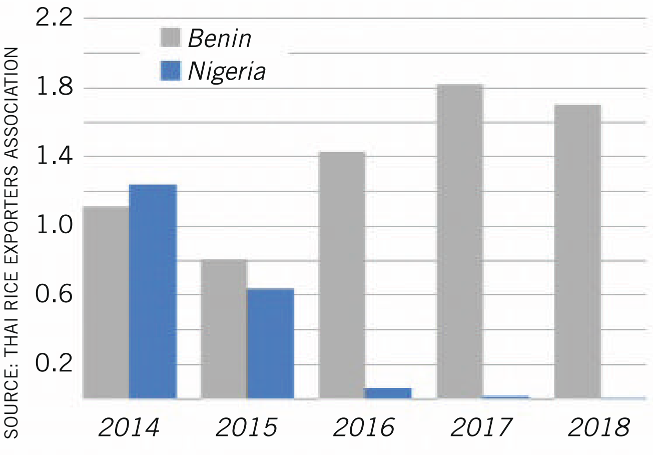
(million metric tonnes)



SOURCE: USDA

IMPORTS OF THAI RICE

(million metric tonnes)



SOURCE: THAI RICE EXPORTERS ASSOCIATION

to all manner of motor vehicles to heavy industrial machinery.

Tochukwu Oyeoku, chief operating officer of Partzshop, a retail store at Idumota that stocks more than 50,000 different items, says his costs have risen by nearly 30% since the borders closed. Now he has to rely on the ports to bring in goods for his wealthiest customers.

Import tariffs at the ports on luxury consumer goods and cars are about 75%. The duty on alcohol and tobacco is between 75% and 95%. Buhari's government looks determined to crack the highly organised international cigarette and liquor smuggling racket – operating with the complicity of multinational companies – that has meant local producers in West Africa have been pushed out of their own markets.

"It's difficult now. Business is really, really tight for us," says Oyeoku. "It's really difficult when you're in a country where it has not yet reached a certain level of production. If we had dealerships in Nigeria as we used to have, this [border closure] wouldn't be a problem. But right now we are trying to battle with running costs which [are] going up right now and so many things at the same time."

The central bank has released lower-interest loans to local rice farmers which, combined with hefty tariffs on imports, has boosted production in Nigeria

THOMAS IMO/PHOTOTHEK VIA GETTY IMAGES

Doubtless, the border closures have pushed more trade through the ports, according to Adams Jatto, spokesman for the Nigerian Ports Authority (NPA) in Lagos.

Associated Port & Marine Development Company, which operates a terminal at Apapa, says traffic has increased by a third. And it expects that to rise as more companies have to use the Lagos port, boosting their revenues and prospects for expansion. That prospect has to be set against the grim reality of lengthy backlogs in processing cargo, creaking equipment incapable of clearing shiploads of containers at the speeds seen in Cotonou and Lomé, plus a reputation for malfeasance among customs officials in Lagos, further holding up the trade.

A crude tool

Logistics are critical. In March, eight weeks of gridlock in the Lagos ports delayed the export of 50,000tn of cashew nuts valued at $300m, said Tola Fasheru, president of the Nigeria Cashew Exporters Association. The NPA said cocoa exports crashed by 86% over the past year due to congested ports and poor harvests.

Jatto at the NPA says they have assurances from terminal operators about handling cargo influxes driven by the border closure. "The cargo operators assured us they should be able to cope in terms of capacity and equipment to move these cargoes," said Jatto.

When it comes to trade, the border closure is a crude tool. Buhari's government says it it would be happy to import food that was grown in Benin but not the rice or pasta that is dumped in West Africa from Asia and Europe.

Abuja has set the imposition of new import and packaging rules as a condition for any reopening of the border. But how this could be enforced in informal rural economies is another question.

Responding to complaints from neighbouring states, Nigeria's foreign minister Geoffrey Onyeama has been on joint missions with his counterparts to boost border patrols and crack down on smuggling.

If Abuja wants to change the direction of trade and to foster production within the region, there are practical impediments to tackle: border bureaucracy, cumbersome central bank rules, poor infrastructure and access to credit and land. Such changes are unglamorous and technical. They do not produce political 'quick wins' or cheering •••

DANGOTE
CEMENT

Cement magnate Aliko Dangote has much to gain from bans on imports

HAMILTON/REA

Dangote's golden age

As President Muhammadu Buhari tries to wean his country off its dependence on oil exports and rebuild its factories, he has found an improbable figurehead for his economic nationalism in the cement magnate and agri-business king Aliko Dangote. Certainly, Dangote is not an obvious fit for Buhari, given the mysteries about the sources of Dangote's fortune and his friendship with former president Olusegun Obasanjo, a loud critic of the current government.

Dangote struck a Faustian bargain with Obasanjo: a ban on cement imports if he invested in local production. Now he has pulled off the same trick with Buhari – he has made hundreds of millions of dollars of investments in local farms growing rice, sugar and tomatoes, and the government is discouraging food imports. Even more, it has closed the borders and launched patrols for rice smugglers. All that is a boon for Dangote Inc.

There is also Buhari's war on Benin's President Patrice Talon, which Dangote must be cheering from the sidelines. Closing the borders has decimated the throughput for the Talon-linked Benin Control import verification company.

It had been earning a large chunk of revenue from Dangote's cement trucks plying the Lagos-Abidjan route. Now most commodities are going by sea, and Talon is losing out.

The next stage in Nigeria's restructuring is Dangote's biggest gamble yet: his building of the $12bn refinery outside Lagos. He wants it to be the largest supplier of petroleum products to West Africa. To do that, Dangote has to face two crime syndicates in Nigeria: the diesel and generator importers who sabotaged the power industry, and smugglers.

Dangote will not discuss his fuel pricing policy but has had exploratory talks with commodity companies such as Trafigura and Glencore. If Buhari can shut down those fuel rackets, then Dangote's glory will be assured as the billionaire who led the charge for the industrial renaissance – Nigeria's Andrew Carnegie. ● P.S.

●●● media headlines. Ending the rackets – whether smuggling out Nigeria's subsidised gasoline or smuggling in cheap imports from Asia and Europe – and boosting local farming and manufacturing means confronting vested political and economic interests.

That is what Buhari's team claim to be doing. But those interests are already pushing back and could yet make things very difficult for the government, with the prospect of galloping inflation and mass shortages.

Those in Abuja bracing for a fight may see the tussle over trade between Talon and Buhari as the opening skirmish, proving Nigeria is getting serious. The border closure may pressure Talon and Benin Control to rethink their business models.

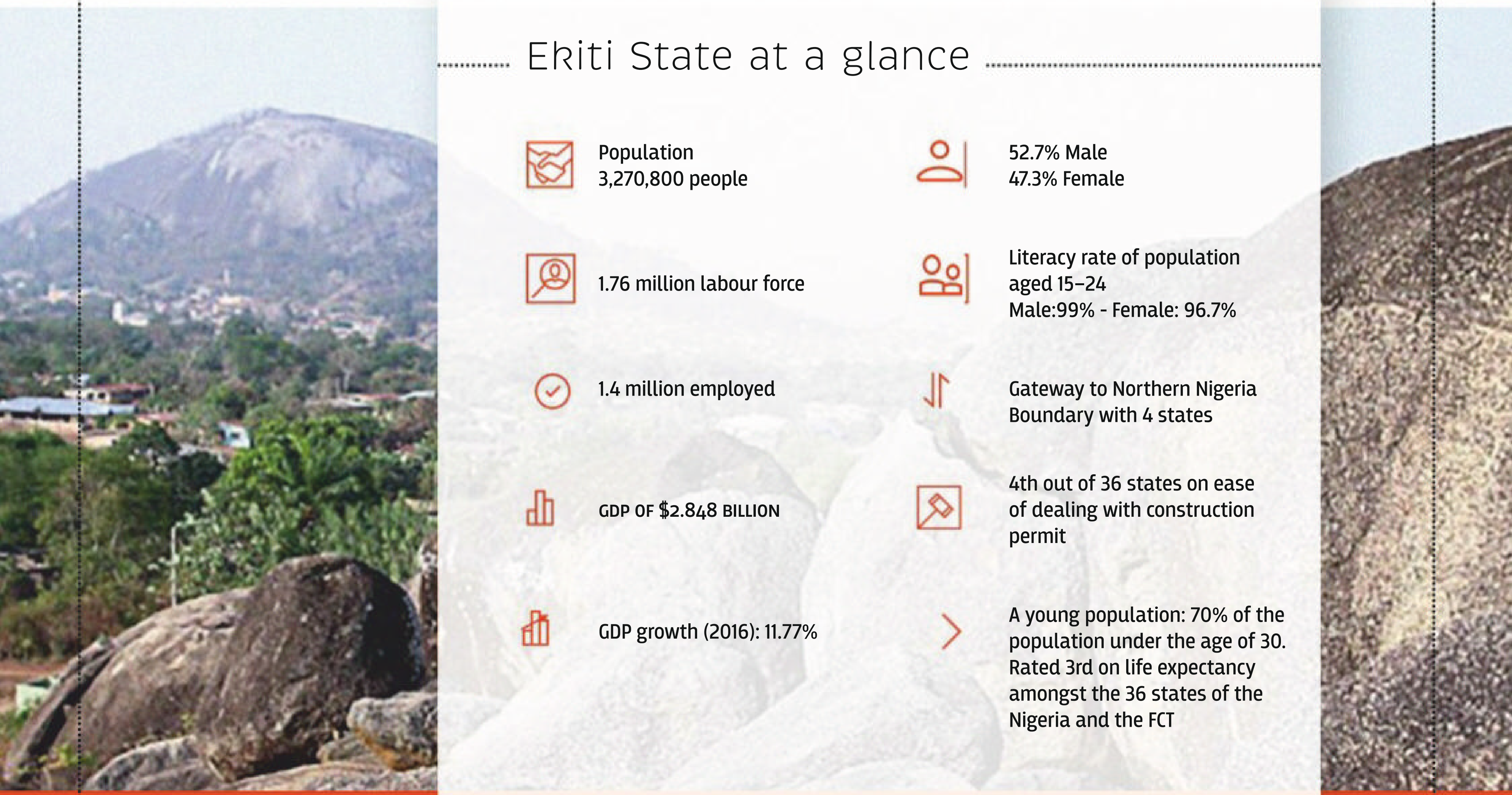
For years, reform-minded Beninois economists have been arguing that their country should stop living off earnings from the import and transit of goods declared as destined for Cotonou. Cotonou port generates half the government's fiscal revenue. But this cannot last forever. If Nigeria modernises its logistics – with the new container port at Lekki – Benin will be left exposed.

Buhari and Talon are at odds on many things. Insiders say Buhari tried to pressure Talon into negotiating a compromise with the opposition parties excluded from Benin's parliamentary elections in April. It was Nigeria's pressure on Talon that got former president Thomas Boni Yayi released from de facto house arrest to travel abroad for medical treatment.

As Talon gets more repressive and strikes his own nationalist stance over the CFA franc currency, Buhari's tough line against him may be applauded by others in the region. But Nigeria's relations – on border trade and security – with Niger and Cameroon are more complex. Nigeria's military needs cooperation from those countries in the fight against the jihadist insurgents in Boko Haram and the local franchise of the Islamic State group.

Buhari is close to Niger's President Mahamadou Issoufou, a key regional ally whose political base includes Maradi, a region hurt by Nigeria's border closure. In their eagerness to reset Nigeria's economic relations, officials in Abuja are going to have to work hard to stop their country being seen as the biggest spoiler to free trade in the region. ●

INVEST IN EKITI



Ekiti State at a glance

Population 3,270,800 people	52.7% Male 47.3% Female
1.76 million labour force	Literacy rate of population aged 15–24 Male:99% - Female: 96.7%
1.4 million employed	Gateway to Northern Nigeria Boundary with 4 states
GDP OF $2.848 BILLION	4th out of 36 states on ease of dealing with construction permit
GDP growth (2016): 11.77%	A young population: 70% of the population under the age of 30. Rated 3rd on life expectancy amongst the 36 states of the Nigeria and the FCT

Ekiti State is open for business

H.E. Dr John Olukayode Fayemi,
Governor of Ekiti State

EKITI STATE GOVERNMENT
Oke Ayoba - Ado Ekiti
Email: aoyebode@ekitistate.gov.ng
Phone: +234 817 377 7900

ekitistate.gov.ng
www.ekdipa.ng

- A strong leadership team with proven public and private sector experience
- Clear and concise laws protecting investors and investments
- Efficient land management process to protect private property rights
- A dedicated Investment Promotion Agency responsible for investment promotion, after care and doing business reforms.
- Public Private Partnership (PPP) framework to protect investments in the state
- Key focus on agriculture, knowledge economy, tourism and critical infrastructure upgrade.

Ekiti knowledge zone

A 1000 hectare space for education and innovation – universities, research centres, business process outsourcing, AI/Machine Learning labs etc.

Agriculture

- Straddles savannah and rainforest, over 40% of the state's productive activity, supporting infrastructure
- 3 functioning dams and access roads from farmlands being built
- Storage - 100,000 MT silo

Tourism

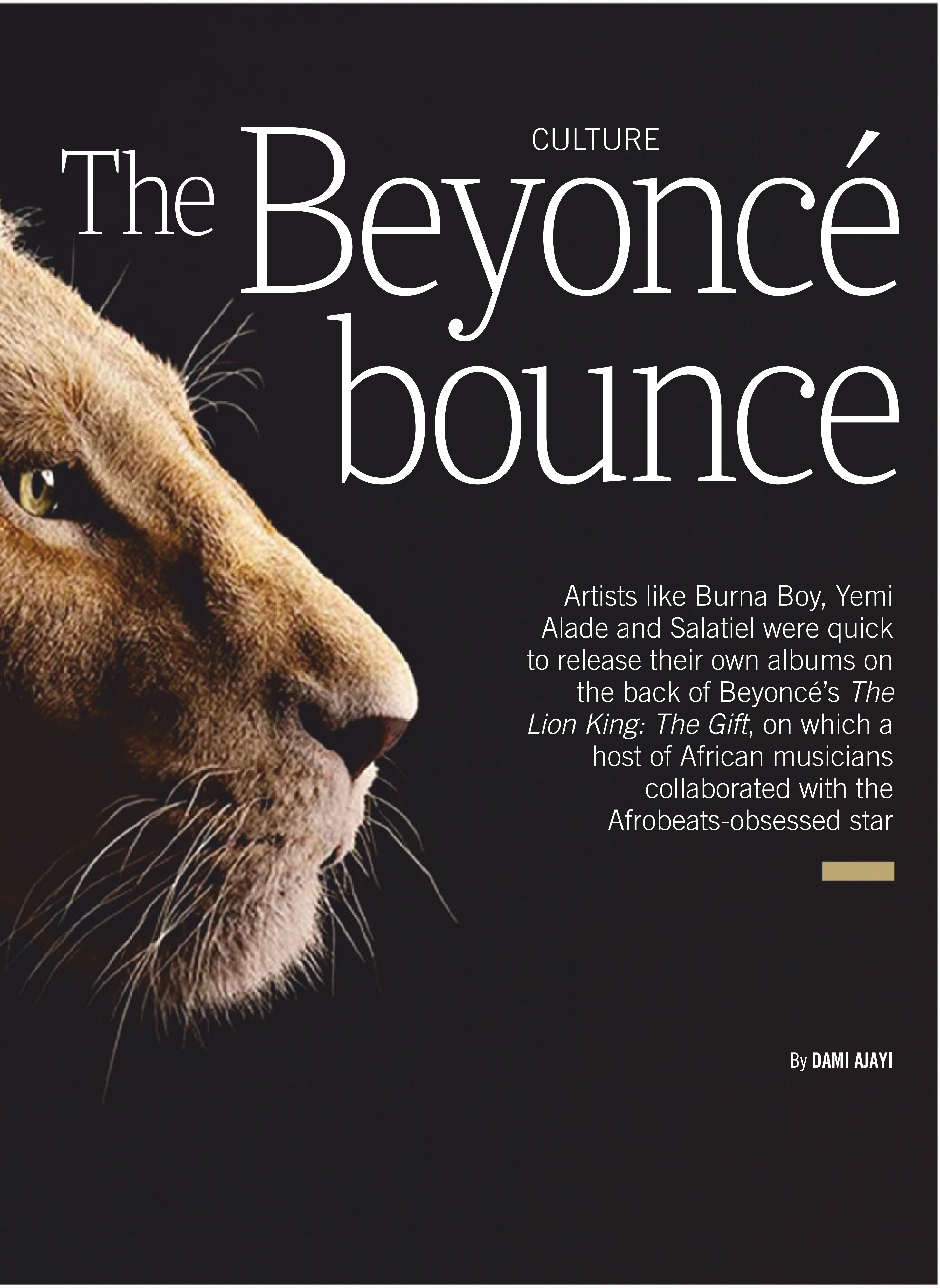
One of Nigeria's safest states, natural topography suitable for vacation and wellness tourism, clear strategy to attract business tourists.

Solid minerals

Endowed with numerous natural resources such as charconite, granite, clay, quartzite, iron ore, baryte, cassiterite, columbite, feldspar.

JAMG - Pictures : All Rights Reserved

Beyoncé with the character of Nala, whose voice she incarnates in *The Lion King*



CULTURE

The Beyoncé bounce

Artists like Burna Boy, Yemi Alade and Salatiel were quick to release their own albums on the back of Beyoncé's *The Lion King: The Gift*, on which a host of African musicians collaborated with the Afrobeats-obsessed star

By **DAMI AJAYI**

ABC /BACKGRID UK VIA BESTIMAGE

In the music world, the year 2019 will be remembered as the year Afrobeats music got endorsed by the Carters. The Carters – rapper Jay-Z and singer Beyoncé, arguably the most powerful living couple in the global music business – are at the height of their influence, if not their creativity.

It has been a long journey since 'Crazy in Love', that monstrous hit song that cleaved Beyoncé from Destiny's Child and annealed her to her husband Jay-Z. In that time there has been a marriage, offspring, expansive career trajectories, a brief elevator altercation between the Carters and sister-in-law, Solange, and the birth of three highly acclaimed albums: Beyoncé's *Lemonade*, Jay-Z's *4:44* and Solange's *A Seat at the Table*.

The release of Beyoncé's *Homecoming* documentary on Netflix in April set the mood for things to come. In July, *The Lion King: The Gift*, the 54-minute long, 27-track sonic accompaniment to the digitally enhanced remake of *The Lion King* was released. She described it as her love letter to Africa.

The Lion King: The Gift is the third Beyoncé album to figure in the top 20 of this year's Billboard. It peaked at number two behind Ed Sheeran's *No. 6 Collaborations Project* and is nominated for Best Vocal Pop Album at the Grammy Awards.

There is an emotional currency in the nostalgia and the kind of conversations Africa's diasporas try to have with the motherland. It is arguable that this kind of engagement and its tensions are partly responsible for the success of *Black Panther*, the Marvel superhero film.

Beyoncé, for the most part of a decade, has been seeking out creative ways of engaging with Africa. Either by posing in photographs channeling Osun, the Yoruba goddess of fertility, or by creating a 20-track album sampling material from Fela Anikulapo Kuti's discography, which was never released, Beyoncé has applied her intimidating work ethic to her vision for engaging with African music.

Sounds of Africa now

In *The Lion King: The Gift*, Beyoncé relies on the skill of African musicians to convey her message of affirmation and solidarity. There was a deliberate leaning into the dominant contemporary sounds on the continent. In the past two decades, West Africa, specifically Nigeria and Ghana, has pioneered Afrobeats, that digital dance music with strong elements of percussion and sparse lyrics, drawing influences from more traditional forms of African music as well as from hip hop and the Caribbean soca and dancehall. Gqom, that uptempo house-influenced progeny of kwaito from South Africa, has also grown to become the rave of the moment. Hence the producers and musicians reflected this bias.

A-rated producers of African descent like Michael Uzowuru (Nigeria/America), GuiltyBeatz (Ghana/London) and DJ Lag (South Africa) line up alongside a colourful dramatis personae drawn from select African nationalities like Burna Boy, Tiwa Savage, Yemi Alade, Mr Eazi, Wizkid and Tekno (Nigeria), Salatiel (Cameroon), Shatta Wale (Ghana), Moonchild Sanelly and Busiswa (both from South Africa), who contributed vocals.

It has become signature for albums by Beyoncé to spring a surprise. This one was no different. The production period was shrouded in secrecy. The album was recorded in a studio complex in Los Angeles where singers and producers were flown in to record and produce their songs. In the end, the 150 songs created were trimmed to an LP-sized 14 tracks, which was layered with skits of varying lengths from the film where Beyoncé also voice-acted as the character Nala.

Beyoncé (centre), flanked by actor/ musician Donald Glover (aka Childish Gambino) and actor Chiwetel Ejiofor at the world première of Disney's 2019 remake of *The Lion King*

DISNEY
THE LION KING
WORLD PREMIERE
DOLBY ATMOS
DOLBY VISION

ALBERTO E. RODRIGUEZ/GETTY IMAGES FOR DISNEY

The Lion King: The Gift is a shape-shifting thing, a smorgasbord of select African sounds, mastered for an international audience. With Beyoncé as curator and anchor, the album expounds on the politics of black optimism, body positivity and Afrocentric pride. 'Brown Skin Girl', sung by Beyoncé, her daughter Blue Ivy and Nigerian pop singer Wizkid, is arguably the biggest moment of the album.

There are catch phrases imbued with uncanny nostalgia from different African languages like Yoruba and isiXhosa. There are delightful hints of Nigerian-speak. There are moments of spiritual introspection that relocate one into the early African syncretic church, as well as slang reminiscent of the boisterously vibrant Lagos suburb of Mushin in the contributions of manager Oluseun 'Bankulli' Abisagboola.

Bankulli talked to *The Africa Report* about the making of the album. But as non-disclosure agreements are common in the business and secrets are a Beyoncé mainstay, he provided only the roughest of outlines. Asked how he got involved with *The Gift*, Bankulli hinted that "a friend invited him".

A-list producers, top name artists and a message of affirmation

Artists from the motherland

The word on the street is that he was crucial to accessing the artists invited to the project, but he disabused *The Africa Report* of this notion. "I was invited to sing on the tracks I sang on […], I was not involved in any artiste sourcing," Bankulli insisted.

This seems odd, especially since Bankulli is known in the industry as a manager, rather than as a recording artist. Although he has contributed background vocals in the past on songs like D'Banj's 'Igwe' and others, Bankulli's expertise has always been on the business side of things.

He continued: "Afrobeats and Africa benefited from the hype and co-sign by the American music mainstream mega superstar Beyoncé. Working with artistes from the motherland is major for entertainment business."

Afrofusion star Burna Boy was similarly cagey in his public pronouncements. He answered "I don't know" to a question on *The Breakfast Club* radio show about how his song 'Ja Ara E' got on the album.

Nonetheless, the African musicians and producers involved have leveraged their collaborations with Beyoncé. Burna Boy, Yemi Alade, Salatiel and DJ Lag are all already riding this significant wave of attention to their own benefit: they all released auspicious albums within one month of the release of *The Lion King: The Gift*. DJ Lag, co-producer of gqom anthem 'My Power', released the 'Steam Rooms' EP with Okzharp on the same day.

No to tokenism

Burna Boy recently released the popular *African Giant* album. It is his personal protest against the tokenism with which the West treated his stature, as evidenced by the small-print poster imbroglio at the Coachella festival. The album has been nominated at the Grammy Awards for Best World Music Album.

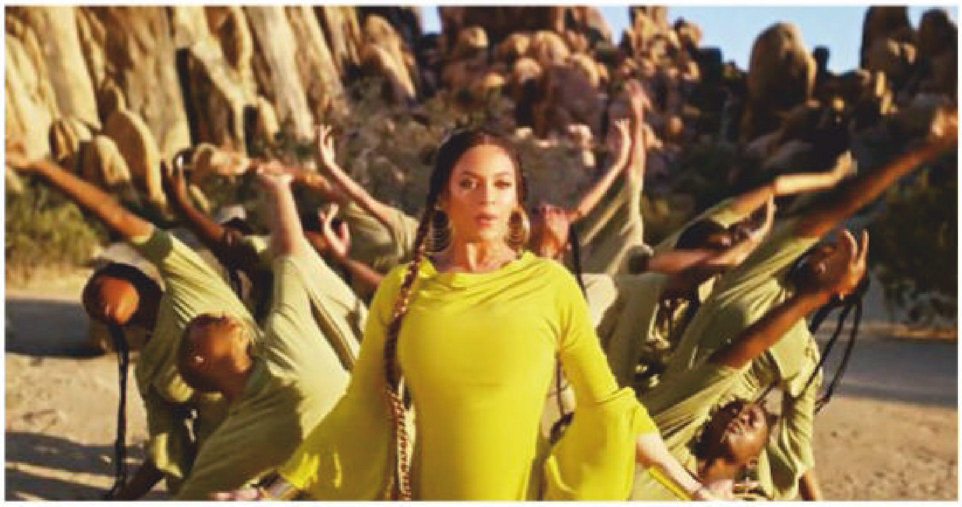
Nigerian singer Yemi Alade has also released the most important album of her career. *Woman of Steel* positions her for the critical acclaim habitually reserved for music amazons like Miriam Makeba, Angélique Kidjo and Cesária Évora.

Salatiel, the only Cameroon artist on the album, released *Africa Represented*. Perhaps titled to capture his optimism, the album features a remix of 'Water', which he performed with Beyoncé and Pharrell Williams. However, *Made in Lagos*, Wizkid's elusive fourth album, slated for tentative release, has failed to ride the Beyoncé wagon.

But if the musicians acknowledge the impact of Beyoncé's album, some critics are a bit circumspect. "I don't think the album was a 'gift' as much as it is Beyoncé's incursion into Afrobeats," chief content officer at Boomplay, Jide Taiwo, mused to *The Africa Report*. "Those artistes already have some sort of reach in the market where she rules. She wanted a bit of the African market as well, and the *Lion King* reboot afforded her that opportunity. At the same time, it's not a curse [...]. We •••

BACKGRID UK/BESTIMAGE

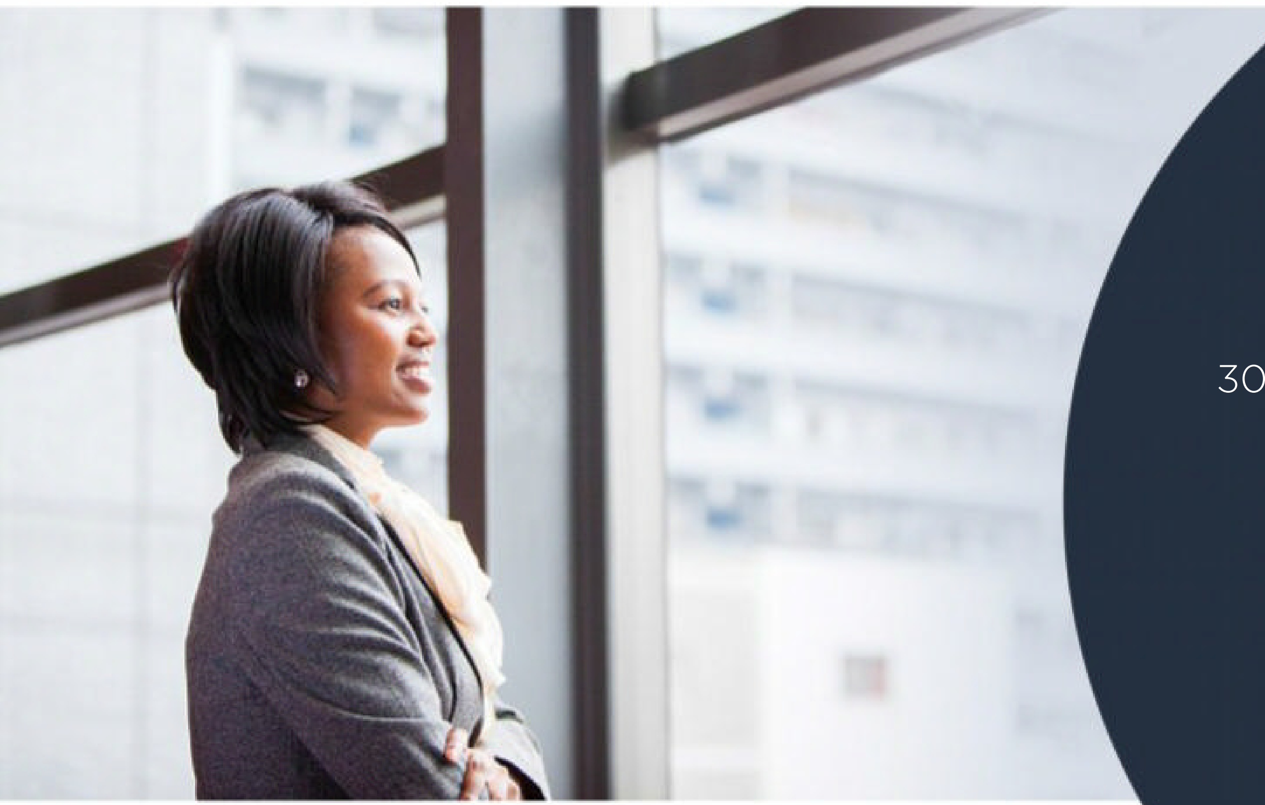
BACKGRID UK/BESTIMAGE


WALT DISNEY RECORDS/BACKGRID UK/BESTIMAGE

WALT DISNEY RECORDS/BACKGRID UK/BESTIMAGE

With her characteristic multiple costume changes, Beyoncé evoked a fantastical Africa in the video for *Spirit*, a song composed for *The Lion King*. With her daughter Blue Ivy in several of the scenes and choruses of dancers she segues from desert to waterfall to baobab tree

Get African Women on Board



Location:
Paris: Sept. 30 - October 1st
Abidjan: December 2-3
Nairobi: January 13- 14

Language:
English

Participants:
30 female senior-level executives

Duration:
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Burna Boy has taken up Fela's mantle of government critique

ANDY KROPA/AP/SIPA

Burn it down, build it up with Burna Boy

"Afrofusion" hitmaker Burna Boy, the Port Harcourt native comfortable in a vast array of musical styles, is just getting started. The 28 year old released his second album, *African Giant*, this year to rave revues, the highest ranking for an African album on the UK charts, and is selling out concerts. But with a chill public persona, he says that he is not chasing after fame in the West – even though he is getting it – telling *Rolling Stone*: "At the end of the day, everything you chase will run."

He is a natural performer, letting the crowd take over with singing the lyrics, and stripping down and jumping across the stage. Fans are looking forward to him headlining the Afro Nation Music Festival in Ghana in late December. Another of his strong suits is in developing successful collaborations, be it with Beyoncé, the UK's Dave and Lily Allen.

Helped by his mother and grandfather, who was legendary singer Fela Kuti's first manager, Burna Boy is a man with a message. With nods to Fela in his music videos, he has picked up the ganja-haloed mantle to criticise his government. He laments Nigerian poverty in his single 'Dangote'. He says he wants to see a United States of Africa, "because at the end of the day, we are all the same".

A man of contradictions, he is also quick to anger. When getting his start in 2017, he called Kenyans "peasants" after a critical reception. He got in a fight with South Africans on social media after saying he would not go to South Africa until the government addressed the problem of xenophobic violence. He then signed up for the Africans Unite concert in Cape Town on 24 November before pulling out due to threats of violence. •

HONORÉ BANDA

The album has to deal with the baggage of cultural appropriation

••• saw how much it meant to the artistes featured on the album. All of them celebrated as though they won a Grammy."

The publishing credits reveal that the franchise was driven by Beyoncé. She has a writing credit on Burna Boy's song, but he claims to have not met her or exchanged emails with her.

Exploited or exploiting?

Cross-cultural projects can often bring the baggage of cultural appropriation with them. Critics pointed out that Beyoncé and Jay-Z were photographed for an album promotion in 2018 that copied the classic Senegalese film *Touki Bouki* without crediting the original or its director, Djibril Diop Mambéty.

The Lion King has its own long history of exploitation. South African singer Solomon Linda initially recorded a song called 'Mbube' in the 1950s. It was then exported to the West, where it got mislabelled as a traditional folk song. It was later recorded as 'The Lion Sleeps Tonight', which became the sound track for the first *The Lion King*. Linda died in abject penury in 1962, while his song became associated with a commercially successful animated film. His children said they were were ignorant of their father's legacy until Rian Malan reported it in a feature article for *Rolling Stone* magazine.

If *The Lion King: The Gift* has escaped the tag, the phenomenon of cultural appropriation influences today's debates about art, ownership and power. While African music is having a major global moment (see TAR 109, Oct-Dec 2019), African musicians are often not treated the same as their Western counterparts. Amongst Africa's many cross-over stars, there is a fear that they will be kicked off the table as Caribbean soca music was after the mid-noughties in the US.

Bankulli may have been economical with his words, but he had a point when he said: "It is music. It's [...] whoever wants to lash on to the gains via hype to move his or her own business forward." With the way that stars like Yemi Alade and Burna Boy have been using their Beyoncé bounces, they are definitely out there getting their accolades and points across at home, on the continent and to the wider world. •

Improving healthcare in Africa

GK INVESTMENT HOLDING GROUP Chairman and Founder Kamel Ghribi, a Tunisian business leader based in Switzerland, has always firmly believed that the business world has a duty to help strengthen national institutions through strategic investments in sectors that provide support and services to the population.

He is President of GK Investment Holding group; Vice Chairman of the Board of Gruppo Ospedaliero San Donato (GSD) Italy's largest private health care organisation and President of Dubai based GSD Healthcare Middle East. GSD operates in partnership in several countries in the Middle East and Africa.

Having spotted an opportunity a few years back to invest in GSD – Gruppo Ospedaliero San Donato, Italy's leading private healthcare group, Kamel Ghribi made it his mission to address the shortcomings that he sees in current thinking when approaching public health projects not only in Europe but also Africa and the MENA region.

That is to say, long-term sustainability is too often sacrificed due to flawed fundamentals, aging systems, and a lack of connected support. Specifically, in the African continent, outdated post-colonial models as well as inadequate infrastructures have resulted in Africa's best and brightest medical students being sent abroad for training. This reality ultimately leaches the continent's human resources as inevitably students generally end up staying at European and American hospitals, where good salaries and world-class facilities beat the frustrations of ill-equipped facilities and unstable environments.

CORPORATE COUNCIL ON AFRICA
nnections. Insight

GK Investment Holding Group Chairman and Founder Kamel Ghribi

Furthermore, many nations do not have the medical structures available to cure many treatable diseases, consequently, thousands of patients cannot seek treatment in their home country while those who are in a position to do so will seek treatment solutions in developed nations offering private healthcare.

Kamel Ghribi, in his role as Vice President of GSD and President of GSD Healthcare Middle East, has helped to create a robust portfolio of international medical partnerships across Africa. He was key in the creation of a collaborative health and hospital contract that saw new facilities and programmes being planned for Mozambique, Egypt, Tunisia, Morocco, Senegal, Nigeria, and Cameroon. In July 2019, he signed a ground-breaking Memorandum of Understanding with Botswana's Ministry of Health and Wellbeing.

Kamel Ghribi has often stated how he finds it tragically ironic that on the one hand, we insist on the identity of Africa as 54 independent nations, while on the other, we search for unified policy applications for the entire continent. His experience has shown him that the range in lack of basic needs is far too broad for policy makers to impose standard fixes. What is needed is an overarching political and philosophical statement of values and a nation-by-nation action plan for coordinated national health planning that is supported by international private-sector health management contracts.

He has pledged to provide on-site training, infrastructure reinforcement and cross-discipline care in cardiology, paediatric medicine, and urology by giving in situ universities and hospitals access to, and the full support of, the GSD European network of hospitals through collaboration projects.

Kamel Ghribi has pushed hard and seen much invested in the development of regional training centres, both financially and through the exchange of expertise and skills in areas of greatest need.

GSD wants to see the available local talent be used as leverage in public-private-partnerships and share competencies to manage African hospitals in contracts that include the management training with local companies ready to assume the long-term task.

To conclude, he feels that well connected, appropriately scaled medical centres and clinics in geo-strategic locations across Africa will accelerate the herculean goals being discussed today for a shared outcome of universal health coverage. ■

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UK/ AFRICA

Beyond

Brexit

Britain's withdrawal from the European Union will alter its relationships with African countries in terms of trade, investment and diplomacy in the years ahead. Some of the consequences may be intangible, such as undermined confidence in regional integration

Boris Johnson at the Lewa Wildlife Conservancy in northern Kenya

THOMAS MUKOYA/AP/SIPA

By **DAVID WHITEHOUSE**

Brexit is unlikely to change the face of Britain's trade with Africa in the short term, but Britain's ability to negotiate new trade deals globally means African goods are likely to face increased competition in UK markets. With most polls showing the Conservative Party prime minister Boris Johnson set to win a general election majority, only large-scale tactical voting seemed to offer the possibility of preventing him from forming a government and delaying Brexit further as *The Africa Report* went to press.

The withdrawal deal Johnson agreed in October with the European Union (EU) means the risks of a no-deal Brexit and its disruptions have also considerably receded. Even in the event of no deal, the immediate impact of Brexit on African countries is likely to be limited. The government said in June that at least 48 least-developed countries (LDCs) will continue to have duty-free, quota-free market access post-Brexit.

An eye on energy

On 2 October, minister of state for international trade Conor Burns announced the government's plan to establish a transitional protection measure, which would come into effect in a no-deal scenario. This would temporarily maintain current duty-free market access for some lower-middle-income countries.

Burns says that the measure will ensure continuity of market access and expects Kenya, Ghana, Cameroon and Côte d'Ivoire to be eligible. The measure would end after 18 months, by which time the UK aims to have new duty-free trade agreements in place.

In the longer term, the UK aims to be the largest G7 investor in Africa by 2022. Energy is a major focus of British investment, with

companies like British Petroleum present in many of Africa's biggest oil-producing countries. Dutch-British firm Unilever is a big player in the consumer goods market. And Britain has a deep network of mid-size companies active on the continent. In terms of development finance, the UK's CDC Group is investing in renewable energy projects and infrastructure upgrades.

'Preference erosion'

Such a smooth investment scenario could face numerous obstacles, including the fact that London is likely to focus on trade deals with countries like the United States and China first. The UK may well have a lot of work to do to establish new trade relationships and will have many trade agreements to negotiate with countries around the world, says Gilles Chemla, professor of finance at Imperial College in London: "This is a lengthy process and may well slow down its investment in and trade with Africa."

Rolling over existing EU agreements with African countries does not mean that the status quo will be maintained. British trading relationships with the rest of the world are likely to have a significant impact on Africa. If the UK removed tariffs on countries that currently do not have preferential access, such the US, Brazil and China, many African countries would lose due to "preference erosion", David Vanzetti, Paul Baker and Pablo Quiles of International Economics in Mauritius argued in a paper published after the Brexit referendum in 2016. "Lower tariffs for the rest of the world to the UK would be very negative for Africa," they said.

Contagion effects from trade wars, which were not modelled when the paper was published, are "a real threat now", Baker, who is chief executive of the consultancy, said in an interview in October. The private sector in Mauritius, he added, is currently concerned about its long-term trading relationship with the UK, as well as a possible drop in British demand for sugar and textiles products.

Rolling over existing EU agreements does not mean the status quo will be maintained

South Africa is positioned to be one of the potential economic casualties as it remains one of the UK's largest trading partners, with total trade of about $11.6bn in 2018, says Lukman Otunuga, senior research analyst at ForexTime in London. At a time when the country faces persistent global trade uncertainty and the threat of inflation from a weak rand, "the ripple effects of Brexit are the last thing the nation needs".

Major British trading partners like Nigeria, Kenya and Egypt are still exposed in the event of a no-deal Brexit, Otunuga says. The UK was Nigeria's sixth-largest trading partner last year with total trade of about $5bn. Weakening oil prices will not only reduce Nigeria's government revenues but also the ability for the country to move forward with its 2020 budget. "Trade disruptions with Britain in the event of a no-deal Brexit will only rub salt into the wound," Otunuga adds.

Still, the fallout in any Brexit scenario is likely to be eclipsed by the direction of the Chinese economy. For sub-Saharan Africa, total trade with Britain only accounted for roughly $23bn in 2018, compared with $146.4bn with China, Otunuga says. That means that the impact of Brexit will pale in comparison with the "scorching heat" caused by a Chinese slowdown, argues Otunuga.

A role model for the EAC

For African countries, trade changes are of "second-order importance" in comparison with other factors that drive growth and incomes – namely, labour, capital and productivity, the International Economics paper argues. African countries should "implement

HENRY NICHOLLS/POOL/AFP

ADAM BERRY/BLOOMBERG VIA GETTY

Britain's former prime minister Theresa May with African leaders at Windsor Castle in April 2018; In Salah Gas, a British Petroleum joint-venture project in Algeria

policies that upgrade the skills of the labour force, maintain an inflow of capital and ensure that labour and capital are used productively," the research said.

Security and political relationships between the UK and Africa won't change much after Brexit, says Harry Broadman, chair of the emerging markets practice at Berkeley Research Group in Washington DC. The UK may find it easier to pursue its own interests through the Commonwealth without the "ball and chain" of 27 other countries, he says.

If there is a sense that the country has taken back control of its borders after Brexit, it is conceivable that British policy on immigration (see box) could become more liberal, Broadman says. Africans, he says, are not about to start competing with Poles and Romanians in the British labour market. Still, there is a "cognitive dissonance" between the UK leaving the EU free trade zone and the African free trade agreement, Broadman says. "If Brexit means a recession, it will be a concern for Africa," with development aid likely to be less of a priority.

The most important consequence of Brexit may be intangible. Brexit could undermine confidence in regional integration processes like the East African Community (EAC), argues Andrew Mold of the United Nations Economic Commission for Africa in a 2018 paper: "Implicitly, if not explicitly, the European Union has been an important role model for the EAC". Africa's best response, he says, is to "redouble efforts to implement the African Continental Free Trade Area."

With the US having made major cutbacks to its aid budget, leveraging foreign assistance to achieve developmental goals is likely to become more challenging for EAC member states in the coming years, Mold says. He argues that a further "channel of contagion" from Brexit is through remittances. He estimates Kenya is the most exposed, followed by Uganda. ●

What immigration policy will work for 'Global Britain'?

The vision of post-Brexit Britain as a liberated global business centre is, at best, a work in progress. Britain's immigration system does not greatly help its relationships with many African citizens. The Royal African Society says that African applicants are more than twice as likely to be refused a UK visa than applicants from any other part of the world. According to an All-Party Parliamentary Group for Africa report in July, the current visa regime is "manifestly unfit for purpose" and is hindering day-to-day business with Africa as well as the government's efforts to promote the UK as the best place in the world to do business after Brexit.

UK Visas and Immigration, the report found, lacks any meaningful customer feedback systems and displays "very limited accountability". If the situation were reversed, the report wonders whether British nationals would be prepared to visit Africa if they had to first travel across the UK in person to provide biometric data and hand over to a private company their passport, birth and marriage certificates, plus a hefty batch of documentation from their employer. And how they would react to having to pay the equivalent of two to three months of the average national wage for someone to assess their application.

The whole UK visa process, says the report, suffers from a "fundamental lack of dignity, respect, parity and self-awareness". The report gives wide-ranging recommendations to try to address those failings and argues that visitor visas will need to be part of a wider review of immigration policy. Many applications are rejected because the applicant has little money, even in cases where all costs have been guaranteed by a sponsor. This has often prevented churches, NGOs, charities and development agencies sending people to the UK. ●

TRADE AND INVESTMENT

Drawing a new UK/Africa trade map

To become the top G7 investor in Africa, Britain and its companies will have to leave their comfort zone in the Anglophone sphere

By **DAVID WHITEHOUSE**

According to figures from the United Nations Conference on Trade and Development (UNCTAD), British investment in Africa declined from $60bn in 2013 to $46bn in 2017. That leaves it behind France, the Netherlands and the US, but still marginally ahead of China. There is certainly scope for Britain to invest more in Africa: the current levels are a small fraction of the total value of British investments abroad, which stood at $14trn in 2017. Despite the fact that France and Britain have economies of roughly similar sizes, total UK investments abroad in 2017 were nearly double the French level. A challenge for African countries, then, is to secure a bigger slice of the UK foreign investment pie.

Doing so would certainly result in job creation. Figures from professional services firm EY show that between 2014 and 2018 China was by far the country whose investments created the most jobs in Africa. Britain is in fourth place on that measure, also behind the US and France.

2016

UK PM David Cameron cancelled a trip to Africa with five days notice when the British voted to leave the EU

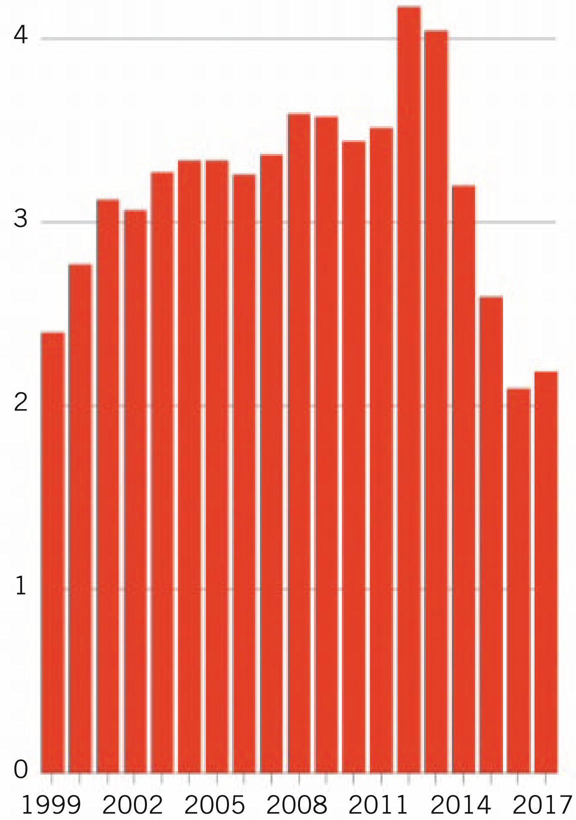
There are some signs of increased corporate investment: British Petroleum has increased its commitments in Egypt to more than $30bn, and South Africa's Vodacom, majority owned by the UK's Vodafone, will spend R9bn ($610m) this year on strengthening its rural network. In May, Britain announced $110m of investment by British companies in Nigeria and Ghana, which will create up to 1,600 new jobs.

A continent-wide approach

But Britain will need to reach beyond its traditional anglophone sphere of influence if it is to realise its ambition of becoming the largest G7 investor in Africa. France's President Emmanuel Macron in 2017 became the first French president to visit English-speaking Ghana in 60 years. And in 2018, he led French corporate delegations to Ethiopia and Kenya. China's top political and business leaders, meanwhile, have been tirelessly criss-crossing Africa every year for well over a decade.

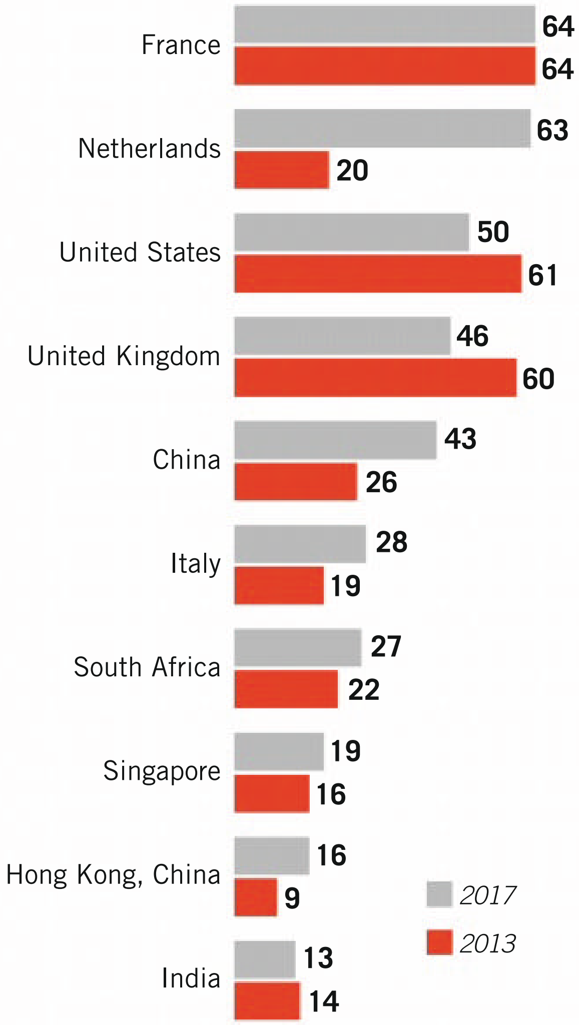
To date, visits by British prime ministers to Africa have concentrated on English-speaking countries that were formerly part of the British empire. Once Britain is outside the EU, British prime ministers and bosses will likely hit the road in Francophone and Lusophone Africa if British investment potential is to be maximised. ●

THE SHARE OF UK IMPORTS FROM AFRICA HAS DECLINED
(Goods and services, %)



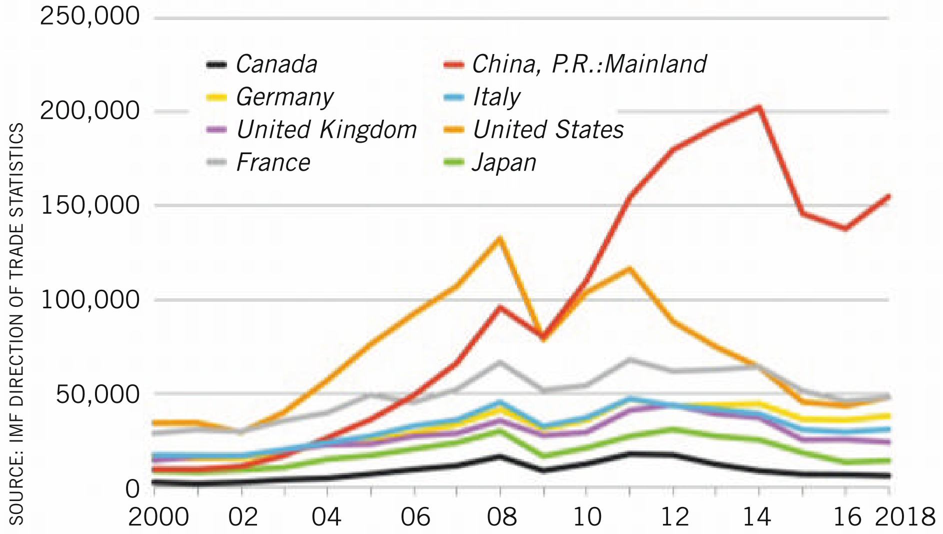
SOURCE: ONS ©FT

TOP INVESTOR ECONOMIES IN AFRICA, 2013 AND 2017 *(US$ billions*)*



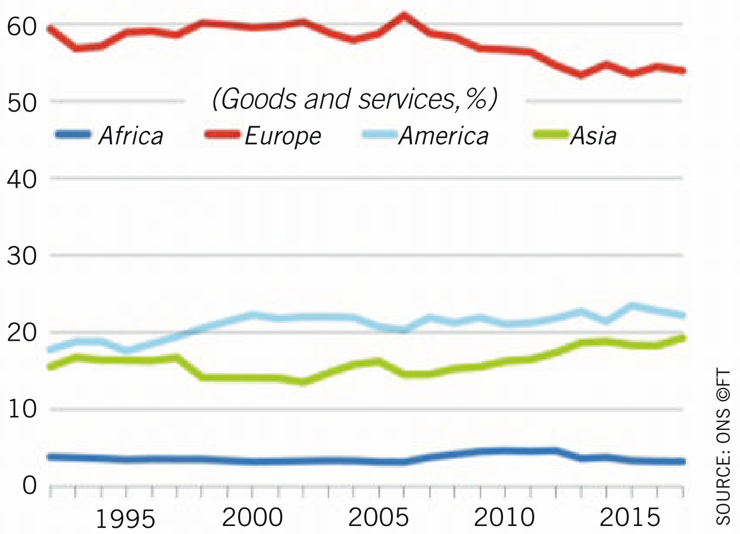
SOURCE: UNCTAD

G7 + CHINA TRADE WITH AFRICA *(US$ millions)*



SOURCE: IMF DIRECTION OF TRADE STATISTICS

AFRICA'S TINY SHARE OF UK EXPORTS



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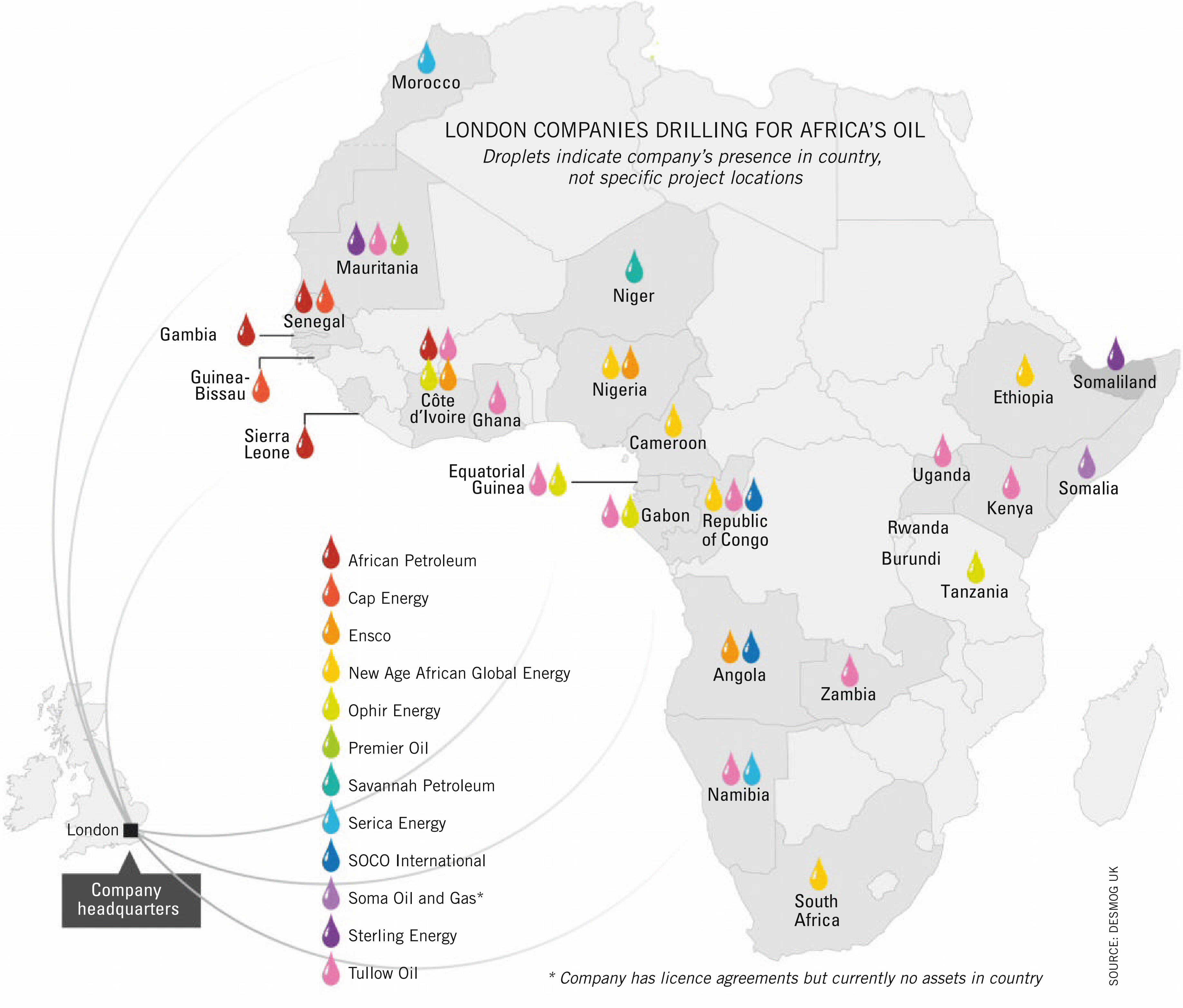

LONDON COMPANIES DRILLING FOR AFRICA'S OIL

Droplets indicate company's presence in country, not specific project locations

Morocco
Mauritania
Senegal
Gambia
Guinea-Bissau
Sierra Leone
Côte d'Ivoire
Ghana
Niger
Nigeria
Cameroon
Equatorial Guinea
Gabon
Republic of Congo
Ethiopia
Somaliland
Uganda
Kenya
Somalia
Rwanda
Burundi
Tanzania
Angola
Zambia
Namibia
South Africa
London
Company headquarters
African Petroleum
Cap Energy
Ensco
New Age African Global Energy
Ophir Energy
Premier Oil
Savannah Petroleum
Serica Energy
SOCO International
Soma Oil and Gas*
Sterling Energy
Tullow Oil

** Company has licence agreements but currently no assets in country*

SOURCE: DESMOG UK

INTERVIEW

Emma Wade-Smith

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‘Building relationships is more important’

Trade commissioner for Africa, Wade-Smith talked to *The Africa Report* about the need for UK businesses to look beyond “traditional capitalism” when working in Africa

By **DAVID WHITEHOUSE** in Johannesburg

Fresh from the Africa Investment Forum in Johannesburg in November, Britain’s Trade Commissioner for Africa, Emma Wade-Smith, was hopeful about the continent’s ability to create jobs and build infrastructure for the coming generations. Job creation “can’t be something that only governments do,” Wade-Smith told *The Africa Report* at the UK Department for International Trade offices in Johannesburg. “The answer has to be to invest in small and medium-sized companies. That’s where the job creation lies.”

Part of the solution to onboarding small businesses will have to be “policy driven”, Wade-Smith says. That means helping bring informal traders into the formal economy. Women entrepreneurs often face an uphill struggle in Africa, she adds, despite the research showing that women often generate better investment returns.

According to an Association of Chartered Certified Accountants report, Africa’s infrastructure investment gap stood at $45.5bn in 2018. By 2040, that’s expected to increase to $1.59trn, with Africa needing to increase investment by 39% to close the gap.

“The mega-cities of the future will be in Africa,” Wade-Smith says. But while investment in African infrastructure has been increasing, most of this has come from African governments and China. The private sector will have to take a much bigger share of the burden if there is any prospect of the gap being closed. •••

Blue Skies Fruit

THE FRESH CUT FRUIT SUPPLIER WITH SUSTAINABLE PARTNERSHIP AT ITS CORE

Twenty-two years ago, British entrepreneur Anthony Pile had an idea. Rather than transport whole fruit thousands of miles from farms to the UK to be cut and packaged, what if that was done at source, and the product exported straight to supermarkets? The result would be a fresher product, and more opportunity and benefit for the countries where the fruit was harvested. Blue Skies Fruit was born.

From its first operations in Ghana, the award-winning company has expanded to Egypt, South Africa, Senegal, Cote d'Ivoire and Brazil and soon will open its first factory in Benin. Fruit is cut, packed and airlifted to Europe within 48 hours, supplying over 300 retailers in 11 markets with fresh cut fruit, juices, dairy-free ice cream and more.

The company's operations revolve around its philosophy of mutually beneficial partnership.

"The ethos of the business is of course to produce the highest quality product but also to do it in a way that is responsible and equitable by doing it in the countries where the fruit grows," says Simon Derrick, head of corporate communications.

"We call it 'value adding at source', which means as much of the profits as possible stays within those countries where the fruit is grown."

Today they employ over 5,000 people, of which 4,000 work in Ghana during peak harvest seasons. The company provides a healthcare clinic, libraries, internet cafes and sports facilities, and supports employees' professional development.

Meanwhile the Blue Skies Foundation contributes to local communities in which the company operates by building medical clinics, sanitation facilities and classrooms and training the smallholder farmers it relies on for their supply, to enable them to improve their agricultural practices. Their School Farm Project seeks to encourage the next generation of farmers, ensuring that the company has a sustainable supply of fruit and rural communities can sustain their livelihoods.

"Our focus is on growing in partnership with the communities where we work" says Mr Derrick. "We want to ensure that people know when they work with us that we're in this together and that we're there for a mutual benefit. We're in it for the long term."

JAMG - PICTURES : © DFID

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Paddock View Spring Hill Farm Pitsford NN6 9AA United Kingdom
Tel.: +44 (0) 1604 881230

www.blueskies.com

••• Two-thirds of the urban space that Africa will need in 2050 will have to be built over the next 30 years, according to a report from the European Investment Bank, but high levels of national debt hamper investments in infrastructure.

British state investment is focused on the mining sector. The UK's Africa Infrastructure Board, launched in 2018 and co-chaired by the British government and industry, promotes the UK as a partner to develop mining projects and the associated infrastructure around them. Loans through the UK Export Finance export credit agency can be made for projects including transportation, mining and construction, though they must include at least 20% UK content.

Bringing added value

For companies that are interested in Africa it might be necessary to make some "modifications", Wade-Smith says, such as building local supply chains and understanding the need to engage in skills provision. Jaguar South Africa's apprentice programme, for example, provides three years of on-the-job training as it seeks to address the country's shortage of qualified technicians.

TRADING PLACES

2012
Received an Order of the British Empire honour for her diplomatic service

February 2016
Named trade director for Southern Africa

June 2018
Appointed Britain's first trade commissioner for Africa

Wade-Smith stresses that the size of the market is a key parameter for potential investors in Africa. "UK companies want to know the size of the consumer population" as well as the level of access to neighbouring markets. She cites TradeMark East Africa (TMEA), which works with governments, the private sector and civil society organisations to reduce barriers to trade, as an example of how market access can be facilitated.

Brexit may breathe new life into the Commonwealth. The vision of the emergence of a British-driven global vehicle that can help to throw off the chains of protectionism is clouded by the prospect of Britain leaving the European Union free-trade zone. In terms of scale, the Commonwealth pales into comparison with the EU.

Yet the Commonwealth, which has 19 African members, is one of the UK's largest trading partners. The UK is already the largest EU goods-export destination for Commonwealth member South Africa, the second-largest for Kenya, and the third-largest for Malawi and Zambia. "It pays to be in the Commonwealth," Wade-Smith says. "There are countries that have expressed interest" in joining, she adds.

More broadly, she believes that investing in Africa requires a shift away from "traditional capitalism", which focuses firstly on the bottom line, to include consideration of the wider benefits. More meaningful than Britain's target of becoming the G7's largest investor in Africa is the positive impact British investment can create. There is £34bn of UK investment stock in Africa, but, in itself, equity has little real impact on the ground: "Building relationships is more important." •

What DIT does: the facts and figures

The Department for International Trade (DIT) Africa has more than 100 staff located across 23 of Africa's 54 countries. This represents a nearly 20% increase in personnel in the region since 2018.

- Over the past 12 months, trade between Africa and the UK increased by 7.7% and is currently worth nearly £34.2bn.
- Last year, DIT Africa helped UK companies secure business that generated £1.2bn of value back to the UK economy. UK Export Finance covered £600m of exports on the continent.
- The DIT focuses on adding value for UK companies through country and sector expertise.
- The DIT supports UK companies exporting to or investing in Africa. It also focuses on the business environment. This includes trading arrangements, as well as market-access barriers.
- The DIT operates across all sectors, but focuses particularly on infrastructure, oil and gas, mining, agribusiness, defence and security, renewable energy, financial and professional services, healthcare, education and skills.
- The DIT is helping to use aid funding to alleviate poverty and also address the UK's prosperity objectives.
- DIT Africa has been seeking to replicate the effects of the current EU Economic Partnership Agreements and Association Agreements with African countries. To date, the UK has transitioned four of these agreements: the Southern African Customs Union plus Mozambique; the Eastern and Southern Africa countries of Mauritius, Seychelles, Madagascar and Zimbabwe; an Association Agreement with Tunisia; and an Association Agreement with Morocco. •

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Jérémy Gaspard,

Managing Director
Sub Saharan Africa

> **"meeting quality standards help organisations capitalise on sustainable activities, build a trusted brand, gain access to global markets, and reduce costs by minimising their business risks."**

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London Stock Exchange welcomes
Airtel Africa
To the Main Market
airtel
London Stock Exchange

Airtel Africa opening London Stock Exchange markets on 28 June 2019

COURTESY OF LONDON STOCK EXCHANGE GROUP

FINANCE

Brexit's impact on African IPOs

Amidst general uncertainty the development of African stock markets appears to be leading to new alliances with sources of potential investors in alternative listing venues

By **DAVID WHITEHOUSE**

The prospect of Britain outside the European Union means that African companies planning to list on the London Stock Exchange (LSE) have another element to factor into their calculations. Will London really provide the deepest pool of potential investors? Or will there be better financing routes to consider?

London's status as a global financial centre is not about to be lost in the short term. Its concentration of highly specialised financial architecture cannot be quickly replicated. At the Africa Investment Forum in November, Ibukun Adebayo, the LSE's co-head of emerging markets, told media: "There is a very, very well-oiled mechanism and very, very deep understanding from investors, from the analyst community, from the very, very well-heeled group of professional advisory services who help to tell that Africa story to the investors."

Protracted uncertainty

But the listing plans of individual African companies may be more easily displaced by competing bourses. Brexit "creates uncertainty for everyone" in a market context which is not generally favourable for initial public offerings (IPOs), says Guillaume Arditti, founding partner at Belvedere Africa Partners in Paris. African companies are perceived by the market as carrying higher risk, he says, so need to show that they will provide higher returns. "Brexit is another reason to wait and see," he adds. Arditti expects that uncertainty over the final ramifications of Brexit will still exist in two to three years' time, after which London is likely to regain its attractiveness as a listing venue. There is the possibility of a drift by some companies to alternative European listing venues, such as Amsterdam and Dublin, though Arditti expects the largest companies will likely continue to list in London.

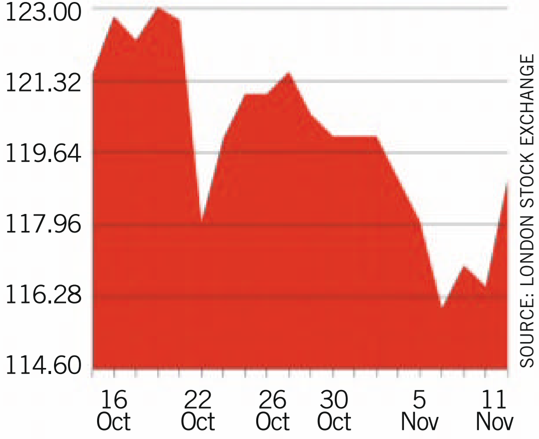
London has missed out on a series of high-profile African IPOs. When South African holding company Naspers listed its Prosus unit containing its investment in Chinese tech giant Tencent in September, it chose Amsterdam and pointedly said that “Euronext markets are some of the largest, most integrated and proven capital markets in Europe”. Smartphone maker Transsion, which sells its products in Africa rather than its domestic Chinese market, chose China’s new tech-focused stock market to list in September, while African online retailer Jumia in April favoured New York. At the end of October the African Import Export Bank postponed a plan to list in London due to “unfavourable market conditions”, just days after saying that the IPO, touted as “Brexit-proof”, would go ahead.

African bourses are well placed to benefit from the protracted uncertainty. “Brexit will give Africa an impetus to develop deeper markets,” Arditti says. Regional integration, he argues, favours the development of deeper African stock markets. Liquidity has already improved in part due to pension funds becoming less restricted in terms of having to invest in their domestic markets, he says, pointing to South Africa, Kenya, Botswana and Namibia as having led the way. Arditti expects this trend to continue and says that Johannesburg, Nairobi, Lagos and the *Bourse Régionale des Valeurs Mobilières* in Abidjan are examples of exchanges that could play a more prominent role after Brexit.

Sitting things out

Only a total of three companies listed in London in the third quarter of this year, raising £332m ($426.5m) – the lowest third-quarter total since the 2016 Brexit referendum, according to figures from professional services firm PwC. Meanwhile, European IPOs in the third quarter increased slightly from a year earlier. “Companies are generally sitting things out, waiting for Brexit and global trade uncertainty to resolve,” according to PwC. Still, Helios Towers, which operates telecoms towers in Africa, successfully listed in London in October. It listed nearly 25% of its shareholdings and raised $318m to finance its expansion.

HELIOS TOWERS’ POST-IPO PERFORMANCE
(UK pence)



SOURCE: LONDON STOCK EXCHANGE

The uncertainty created by Brexit is “bad for investment and bad for listings,” says Gilles Chemla, professor of finance at Imperial College in London. The prospect of uncertainty over the full impact of Brexit means that African companies are more likely to list in South Africa or “more stable European countries,” he says.

A key test in 2020 will be the planned listing of Nigerian payments company Interswitch. It has been talking up the prospects of an IPO for years, with a dual listing in London and Lagos as a possibility. Financial analysts will be watching to see if the IPO ends up on another major bourse instead of London’s.

Nigeria's Nollywood-focused iROKOtv, founded by investor Jason Njoku, is also talking up plans for a London listing. He says it could take place by the first half of 2021.

$318m

Funds raised to finance expansion of Helios Towers telecom tower infrastructure company

Harry Broadman, chair of the emerging markets practice at Berkeley Research Group in Washington DC, disagrees. He says that the London stock market could come under pressure post-Brexit. But he does not expect a wholesale shift in listing behaviour. “It’s conceivable the UK will lose in the short term,” but Johannesburg, he says, does not offer the same access to capital as the EU or the UK. “It’s not obvious that Johannesburg would become the market of choice.”

Fierce competition

The uncertainty caused by repeated elections since the Brexit referendum has reduced the numbers of companies listing in London since the 2016 referendum, Chemla says. Whether the next British government proves itself to be pro-business or not will have important ramifications for African company listing plans, he argues.

Chemla predicts fierce competition for listings from China, the Middle East, Paris, Amsterdam and US markets, which will be “more than many actors anticipate in London”.

He expects the development of African stock markets to lead to alliances, perhaps led by the Johannesburg exchange. He also expects that the upward trajectory of private-equity investment in Africa is likely to continue after Brexit.

The trend will be supported by the fact that Britain will try to develop direct ties outside the EU and for prospects for fast economic growth in Africa in coming decades. “African firms seeking international equity investors are more likely to turn to private equity rather than public equity,” Chemla concludes. ●

AGRICULTURE

Picking up the bill for Brexit uncertainty

While new direct trade deals with Britain are likely, a weak pound and the inability to predict how and when Brexit will take place has put pressure on food and flower producers

By **DAVID WHITEHOUSE**

African horticultural exporters are hopeful that Brexit will give them new opportunities to export to the UK, but it is clear that the prolonged uncertainty has already had a direct cost. African exporters of products such as flowers have suffered from the weak pound, as they receive less money for the same amount of produce, says Anna Barker, senior supply chain manager for flowers at the Fairtrade Foundation in London.

Barker has heard anecdotal evidence that some suppliers have been losing long-term contracts to the UK as a result of the uncertainty. However, in theory, the protection for African exporters looks increasingly complete. The UK will roll over economic partnership agreements for least-developed countries (LDCs). The government has also said that in the event of a no-deal Brexit it will extend existing levels of market access for a group of non-LDCs for 18 months. Liz Dodd, trade spokesperson for the Traidcraft Exchange in London, calls this a "good move".

Double-edged sword

But businesses need visibility for longer than 18 months, Dodd says, arguing that there is no reason why the extension should not form the basis for longer-term preferential access. Africa, she argues, "should not be made to pay the price for our uncertainty".

UK supermarkets, Dodd says, have been asking suppliers to tender on a duty-paid basis, meaning that the risk of future higher tariffs is being passed on to exporters. Higher food prices post-Brexit are likely to mean pressure on African producers to lower their costs.

New direct trade deals with Britain are also likely to prove a double-edged sword. UK farmers in search of new markets, for example in poultry, could turn their attention to areas such as West Africa, Dodd argues, meaning those countries may seek safeguards to protect domestic producers.

Britain is the second-largest destination for Kenya's cut flowers after the Netherlands, taking almost 18% of Kenyan production.

The prospect of a weaker British economy will affect flower demand

According to the Kenya Flower Council, the country is the leading exporter of roses to the EU, with a market share of about 38%. About half of that is sold through the Dutch auctions, and the Netherlands has highly developed infrastructure for ensuring floral hygiene and quality control.

In the event of a no-deal Brexit, however, flowers may be delayed for between 1.5 and 2.5 days for plant health checks, documentation, customs declarations and revenue collection, Barker says, "creating enormous volumes of waste," and putting price pressure on the producer. Kenyan suppliers hope that they will be able to sell directly to the UK after Brexit.

The prospect of a weaker British economy will also affect flower demand. At the Traidcraft Exchange Dodd says: "There is no question that Brexit will add cost and complication." ●

Life will not be a bed of roses for Kenyan flower exporters after Brexit

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$3.6bn committed to support 250 projects, of which 113 are operational

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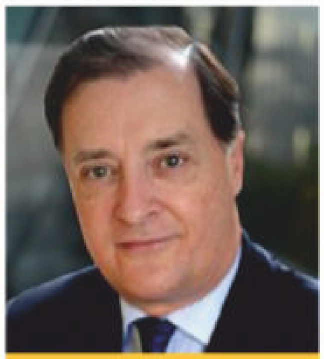

Philippe Valahu,

CEO, Private Investment Development Group Ltd

Our transactions come about through regular dialogue with governments and the private sector. Our success lies in our minimal loss ratio, staying power and ability to have that honest broker role to ensure that the project gets done properly. We also combine forces with other DFIs and MDBs to address the clear gap in the early stage project development necessary for healthy pipeline and bankable projects to attract capital. The Co-Guarantee Platform was formed with the African Development Bank (AfDB), our guarantee arm and three other guarantors to offer joint solutions where there may be a larger need in terms of the quantum required for guarantees.

We are also working with DFID, which is the largest contributor to PIDG, and has its own DFI (CDC) and the UK export credit agency (UKEF), to see how the three UK entities can improve the UK's offering. The UK Inc toolkit of national products makes for an attractive offer available to UK investors and financial institutions.

UK EXPORT FINANCE

INTERVIEW

Steve Gray

‘We can contribute to closing Africa’s infrastructure gap’

From Accra, **UK Export Finance’s West Africa regional representative** Steve Gray ensures that UK-backed loans help important infrastructure projects get off the ground

By **DAVID WHITEHOUSE**

More needs to be done to encourage large companies to set up in Africa and to help small firms grow by removing infrastructure constraints. But the costs of financing in Africa could increase if interest rates in advanced countries rise faster than assumed, the African Development Bank says in its African Economic Outlook 2019.

Export finance is one of the options to help to reduce that risk. UK Export Finance (UKEF), which was set up in 1919, is the world’s oldest credit export agency. It aims to help buyers in Africa by providing attractive financing terms and enabling them to borrow at competitive interest rates from banks backed by a UK guarantee.

Local currency options

UKEF projects “can contribute to closing Africa’s infrastructure gap,” says Steve Gray, the agency’s representative based in Ghana. “The UK government believes no viable trade with the UK should fail for lack of finance or insurance.”

Local currency options are offered, which allows buyers to control foreign-exchange risk. UKEF can currently guarantee local currency-denominated transactions in 15 African markets.

In 2018 and 2019, UKEF supported a range of infrastructure projects in Ghana, Angola and Uganda. In Angola, UKEF provided support worth $106m to connect around 7,000 homes to electricity through a project by the IQA Group. IQA is upgrading two power substations in Viana and Gabela, reducing the north-west Angola’s reliance on oil-generated power.

In Ghana, UKEF backed a project by Contracta Construction to develop Kumasi Central Market, a major trading centre in the Ashanti region, as well as guaranteeing a loan to support the modernisation of Tamale airport.

In Uganda, a direct loan of €270m ($297.2m) is financing the construction of a new airport in Hoima, Western Region. This will become the country’s second international airport, opening access for the delivery of equipment, materials and services for the future Uganda Oil Refinery.

The AfDB warns that it is important not to neglect soft logistical infrastructure, which is essential to reap the gains from investments in the hard stuff. UKEF is active in such projects, supporting an agricultural project delivered by UK-based Incatuk that aims to reduce Angola’s $1.5bn annual spend on food imports, and helps to diversify an economy focused on oil.

This project, which has financing structured by Standard Chartered Bank, includes providing power distribution lines, training farmers, improving roads and rehabilitating farms damaged during the civil war. ●

FIRM FOUNDATIONS

April 2018 Joined UKEF as regional representative for West Africa

2017 MBA at Heriot-Watt University, UK

2011-2017 Recruited by Lonhro Group and promoted to CEO of Atuabo Freeport oil and gas services project in Ghana

TALKING
BUSINESS
Africa

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Each month on *Talking Business Africa* in association with Zenith Bank, Lerato Mbele-Roberts visits different parts of the continent and meets African business leaders. From the leaders of large multinational companies through to entrepreneurs just starting out, *Talking Business Africa* finds out how they got there, what motivates them and the challenges they face.

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INTERVIEW

Vivek Badrinath

‘We have a keen interest in Ethiopia’

Vodafone’s regional CEO for Africa, Middle East and Asia Pacific talks to *The Africa Report* about expansion plans, 5G and the geopolitics of technology

CALLED UP

May 2013 Appointed deputy CEO of French telecoms firm Orange

March 2014 Named deputy CEO for distribution and marketing for hotel company Accor

October 2016 Became rest of the world CEO for Vodafone

1 April 2019 Named interim CEO for Vodafone Business

April 2020 Will become CEO of Vodafone’s European tower company TowerCo

Interview by **NICHOLAS NORBROOK**

Vodafone has 650 million customers around the world, of which 170 million in Africa, with an additional 39 million mobile financial services customers. These are shared between South Africa, Egypt, Kenya, the DRC, Ghana, Mozambique, Tanzania and Lesotho. African markets deliver in approximately 20% of Vodafone Group’s revenue.

Vodafone's African markets range from rural areas relying more on prepaid voice 2G handsets – for example, the DRC – to more affluent urban hubs, with post-paid smartphones leaning heavily on data in South Africa and Egypt.

“In the more advanced economies, we are halfway up the curve that transitions from voice to data, so we are trying to add additional services, such as entertainment, content, music,” says Vivek Badrinath, Vodafone's regional CEO for Africa, Middle East and Asia. “In less advanced economies we grow along two axes, transitioning to more data services, for those with smartphones, and on the other hand mobile payment services, which tends to go with the unbanked countries.”

Level playing field

Vodafone is keen to deepen digitisation, of course for the bottom line, but also as a good in itself. “It is about the ability to communicate, the ability to transfer funds, the ability to access information for farmers, for education, creating a level playing field. Expand mobile broadband penetration in Africa by 10%, [and it is] estimated to yield a 2.5% increase in GDP per capita,” Badrinath tells *The Africa Report*.

The company works in three of the big five telecoms markets in Africa – but it has yet to establish a foothold in Nigeria or Ethiopia, two of Africa's most populous markets. A recent wobble from Nigeria’s fourth telecoms operator – now known as 9Mobile after the withdrawal of Etisalat – prompted much speculation on who might pounce. Badrinath says Vodafone was never interested. “We were not intent on pursuing that, honestly the money at stake is very high, and the complexity [...] We are number one in South Africa, number one in Egypt. Getting to a number one place in Nigeria is a very big step to achieve. We didn't feel that opportunity was necessarily obvious for us to pursue. Not to insult the Nigerian government, but the stakeholder scene in Nigeria is complex, and we might be a bit out of our depth at the moment.”

Ethiopia appears higher on the list. “We have been looking at it, with the Vodafone team, the Safaricom team, and the Vodacom team, and we have a clear interest,”

MIKE ELLIS PHOTOGRAPHY/VODAFONE GROUP

says Badrinath, referring to the interlocking levels of ownership that Vodafone has across Africa. “We feel we can bring a lot, the payment abilities of Safaricom, the very deep ability to roll out networks in Africa that Vodacom has built up over the years, and Vodafone's technology and experience in running businesses in the telecoms sector.”

Data protection

The clear advantage Safaricom has in mobile payments is clear. “If you look at M-Pesa, it’s a journey. You start with peer to peer, and then it moves on to merchant payments, then to small overdraft, then to merchant lending so that they can fund their working capital and you move on up the value chain,” says Badrinath. “We have a good starting position with M-Pesa and we would be remiss not to leverage on it. ”

> *‘WE HAVE ALWAYS BEEN IN CONVERSATION WITH GOVERNMENT’*

So is he worried about the arrival of ‘big tech’ into the mobile-money sphere, with WhatsApp, for example, running trials with tens of millions of people in India? Not too much. “India is a different case because the population is much more largely banked. WhatsApp is linked to a bank account in India, which is not the case in many African countries, where there is often less than a 20% banked population.”

That thrust phone companies like Vodafone and its subsidiaries into important but potentially uncomfortable roles, with mobile phone numbers often frontline indicators of identity in Africa. Badrinath is unfazed: “In our sector, we have always been in conversation with government, and our compliance requirements have always been high,” he adds.

He is not a huge fan of Europe’s latest data protection legislation – “accepting cookies on page one is not exactly mankind’s greatest invention” – and argues that internal policies are already defensive enough of African customers’ personal information, while making the right trade-offs to keep costs low.

‘Splinternet’

South African consumers in particular complain about these costs – particularly data, the price of which compares unfavourably to peer countries like Brazil and China. The reason: “We have not had new spectrum in the last 10 years in South Africa. So how do you roll out 4G?”, says Badrinath, who notes the government is finally getting ready to release spectrum, “which will definitely help us bring down the price of data”.

He does not, however, expect 5G to arrive wholesale any time soon. “It is time to reduce 3G and move to 4G in Africa, for the simple reasons of affordability. 4G is much more spectrum efficient than 3G.”

5G equipment, most often made by Chinese telecoms giant Huawei, has sparked concern in Washington and led to fears of a ‘splinternet’ as different parts of the world adopt different technology standards driven by the wider geopolitical schism between the US and China. “[The Kenyan and South African governments] do not wish to exclude Huawei from their customer base and do not believe it to be a risk that they cannot live with.”

With Vodafone simplifying its board structure, Badrinath will be moving on from the job in March, to Vodafone’s new infrastructure unit in Europe, with some regret, and not just because of the exhilaration of double-digit growth or fast-paced decision-making. “This kind of role is one where telecoms are doing what they are the best at,” he says, “bringing communications and data to people who often lack access.” •

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The port is connected to Ethiopia by roads and railway. The train station, operational since November 2019, has a capacity of 4 to 5 trains per day.

SGTD IN FIGURES

- Capacity of 1.6 million TEUs
- 1050 m quay length
- 18/20 m depth
- 31 RTG
- 8 super post panama twin lift gantry cranes
- 2 RMG
- 10 RS and 3 ECH
- 65 ITV

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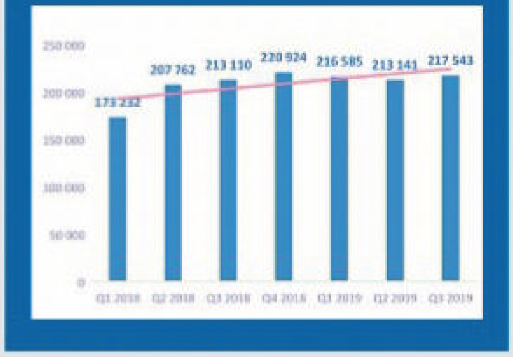
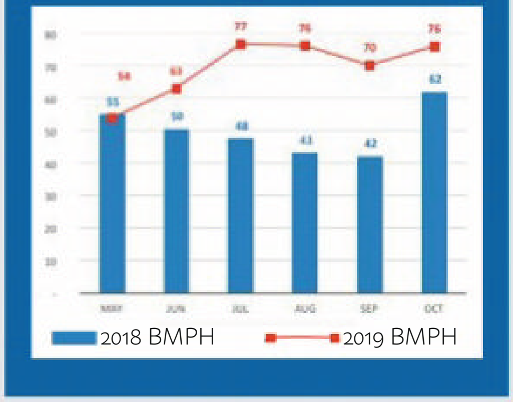


BERTH PRODUCTIVITY



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EXTRACTIVES DOSSIER

Testing Angola's turnaround

Licensing rounds currently under way in Angola's oil, gas and mining sectors will show whether Lourenço's reforms are superficial or ultra-deep

By **THALIA GRIFFITHS***

President João Lourenço surprised sceptics who expected little change after the departure of his veteran predecessor José Eduardo dos Santos in September 2017. Lourenço has moved swiftly to introduce reforms, and nowhere more so than in the vital oil sector, the backbone of Angola's economy. An oil and gas licensing round which launched on 2 October will provide a litmus test for whether the measures taken by the government are sufficient to revitalise the sector.

Angola's oil production has sagged from a high of 1.9m barrels per day in 2008 to 1.5m

Headquarters of parastatal oil company Sonangol in Luanda.

MIKE COHEN/BLOOMBERG VIA GETTY IMAGES

Sonangol
Sonangol

in 2018, placing Angola behind Nigeria as sub-Saharan Africa's second-biggest producer. For years, Angola's leaders had paid lip service to reform, talking vaguely about developing the non-oil economy while relying almost entirely on oil, which accounts for more than 90% of foreign exchange. While oil prices remained buoyant, this was fine, but the 2014 price crash hit the economy hard, and the government, hamstrung by inertia in the latter days of the Dos Santos presidency, initially failed to take action.

Conflict of interest

However, Lourenço has shown he knows what needs to be done, and appears to be doing it. New laws passed in 2018 created a framework for monetising gas, much of which was previously flared, and for developing smaller oil fields that were overlooked by the big multinationals who focused on the largest ones. All gas discovered in Angola previously belonged to state-run company Sonangol, which meant it had no value to private companies that found it. The new terms offer a framework for the development of commercial gas finds.

The potential conflict of interest between Sonangol's roles as industry regulator and participant in production-sharing contracts was ended by the creation of the *Agência Nacional de Petróleo, Gás e Biocombustíveis* (ANPG), which is overseeing a competitive bidding process for 10 blocks in unexplored areas offshore southern Angola.

These blocks are the first of about 55 that the government plans to sell off between now and 2025. The ANPG held roadshows in London, Houston and Dubai, in a process quite unlike the opaque licensing of the past. The blocks on offer are Block 10 in the southern Benguela Basin and blocks 11, 12, 13, 27, 28, 29, 41, 42 and 43 further south in the Namibe Basin. The hope is that the Namibe Basin will yield discoveries of pre-salt oilfields trapped beneath a layer of salt under the ocean floor, similar to giant fields discovered in Brazil's Santos and Campos basins. Licensing terms and a model contract are on the ANPG website.

The new ANPG team ran the well-attended London licensing round roadshow as a charm offensive, with presenters cracking jokes, answering questions and giving media interviews, very unlike the austere, opaque image projected by Sonangol in the past. This new approach is needed because the industry itself is changing. The deals with private Angolan companies linked to senior regime figures are proving to no longer be attractive for international oil companies facing scrutiny under the US Foreign Corrupt Practices Act and similar European legislation.

New smaller players

While many of the roadshow attendees were familiar players, the Luanda government wants to attract new smaller companies to help the industry to survive. Potential bidders will take comfort from the arrival in the region of ExxonMobil, which signed preliminary agreements in December 2018 for three deepwater Namibe Basin blocks and has also licensed four adjacent blocks on the Namibian side of the border.

ANPG executive director Natacha Massano said Angola's new strategy, backed by new laws and more favourable tax terms, aimed to bring a new dynamic into the sector and attract new business. "It has two main objectives. One is accelerating exploration, and the other is expanding petroleum prospectivity, and, of course, increasing reserves," she said in an interview.

An initial priority for the agency would be to look at bringing smaller satellite fields into production in blocks that are already producing from larger fields, she explained: "We do believe that these blocks still have a lot of potential. That's why we are now able to continue exploring on development areas, looking for new stratigraphical horizons. We believe that the blocks that are in production still have a lot of potential, and we are continuing to encourage our operators, our contractor groups to continue to work on that."

In looking to develop gas reserves, she said, the government was focusing on domestic applications such as converting existing power plants to gas from costly diesel fuel and building fertiliser factories, rather than considering expansion of the Angola Liquefied Natural Gas plant at Soyo. •••

OLIVIER POLET/REPORTERS-REA

Other ways to mint it

The government is seeking to revitalise the mining sector and launched an auction process in October for two phosphate mines, an iron ore mine and two kimberlite diamond mines. The phosphate and iron projects will be wholly privately owned, while the diamond mines will be operated in partnership with state diamond trading company Endiama.

The phosphate concessions are located at Cácata, in Cabinda Province, where geological studies indicate a resource of 393m tonnes, and at Lucunga, in Zaire Province, where exploration drilling indicates 286m tonnes. Domestic phosphate resources could increase in value as the government focuses on agriculture as part of plans to develop the non-oil economy and create jobs.

The iron ore concession is at Kassala-Kitungo in Kwanza Norte Province, and the diamond mines at Camafuca-Camazambo in Lunda Norte and Tchitengo in Lunda Sul.

Roadshow presentations were held in September in Luanda, Dubai, Beijing and London, highlighting recent changes to private investment laws and the diamond sector. The government is seeking to double production of diamonds, which earned the country $1bn of gross revenue in 2017, and introduced auction sales for high-quality stones in 2019 in a bid to increase transparency. •

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••• The ANPG's board is largely made up of ex-Sonangol figures, chaired by Paulino Jerónimo, who was previously director general at the parastatal. But while critics might contend that little has changed in the institutions of state, familiar faces can be reassuring to the oil industry, which values continuity as well as reform.

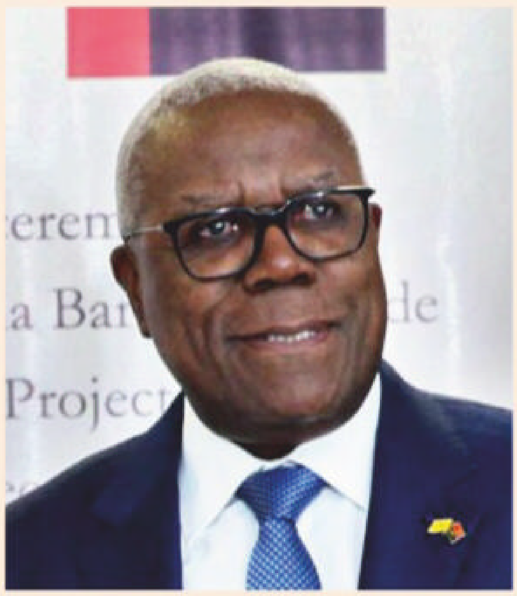
Angola's last offshore licensing round was held in 2011 under very different conditions.

The round offering 11 pre-salt blocks in the Kwanza Basin was restricted to 13 invited companies and terms included a generous average stake of 35% for Sonangol, plus stakes in four blocks for the China Sonangol joint venture linked to China International Fund and controversial businessman Sam Pa.

A subsequent round in 2014 offered 10 onshore blocks in the Kwanza and Lower Congo basins to mainly Angolan companies in a bid to encourage an indigenous industry. A 30% stake in each block was reserved for Sonangol; another 20% was reserved for Angolan companies. However the block awards had to be cancelled after the oil price crashed and the terms of the awards were no longer economically viable. These blocks are expected to be re-tendered in 2020.

Lack of communication

While the ANPG has taken over licensing, far-reaching reform is under way at Sonangol, where one of Lourenço's first moves was to remove presidential daughter Isabel dos Santos as chair. She was appointed by her father in June 2016 and announced a reform programme to tackle issues of overstaffing and managing the parastatal's $10bn debt, but companies operating in Angola made it clear that the measures did not go far enough for their needs. Lourenço replaced her with industry veteran Carlos Saturnino, who was sacked in May 2019 over fuel shortages and replaced with Sonangol veteran Sebastião Pai Querido Gaspar Martins. The presidency blamed the fuel supply crisis on a lack of communication between the government and Sonangol.


AMPE ROGERIO/EPA/MAXPPP

Sonangol chairman Gaspar Martins

Buoyed by oil earnings, Sonangol had become a massive state company with subsidiaries in sectors as diverse as property, health and aviation. A leaked memo in May 2015 from Sonangol chairman Francisco de Lemos José Maria sharply criticised the legacy of his predecessor Manuel Vicente and spelled out problems, particularly the practice of using consultants to carry out day-to-day oil industry functions while executives neglected training and capacity building within the company. The memo urged Sonangol to control core operations costs while ensuring that non-core operations, such as airline SonAir and telecommunications provider MSTelcom, were financially sustainable.

50

Sonangol subsidiaries are included in a privatisation scheme which aims to sell off state-owned companies by 2022

Some 50 Sonangol subsidiaries are included in a massive government privatisation programme, known as ProPriv, which aims to sell off 195 state-owned companies between 2019 and 2022 via an initial public offering (IPO), tender or sale on stock exchanges.

End to government subsidies

The list includes Sonangol itself, which will be part-privatised via an IPO by 2022, and affiliated companies such as China Sonangol International; the state's 30% stake in distributor Puma Energy; 20% in Ivorian refiner *Société Ivoirienne de Raffinage*; 51% in Sonangalp; 100% of Sonangol Cabo Verde (which owns 39% of distributor Enacol); and 78% of São Tomé e Príncipe's Enco. The proceeds are to be invested in programmes to encourage domestic production.

As part of a $3.7bn agreement signed in December 2018 between Luanda and the International Monetary Fund, the economy will face greater scrutiny. The government has committed to ending subsidies and to halting Chinese loans secured by future oil sales. Poorly performing banks have been closed and the government removed the kwanza's peg to the dollar, allowing the market to determine a more realistic exchange rate, though an amnesty on Angolan funds deposited abroad did not result in the hoped-for flow of funds back into the country.

The ANPG's Massano said she hoped the latest tensions in the Middle East could benefit Angola by reminding investors of the need to maintain a range of sources of supply. "The problems for some are the opportunities for the others, and the Middle East issue gives us a chance to show to investors that they need to diversify," she said. ●

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* **Thalia Griffiths** is editor of African Energy, www.africa-energy.com

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PLATINUM

How Amplats regained its shine

Amplats plans to build a 75MW solar power plant at its Mogalakwena mine

ANGLO AMERICAN PLC

Streamlined operations, better response to market forces, negotiations with unions and power production have given the world's top platinum producer renewed confidence

By **XOLISA PHILLIP** in Johannesburg

After years of difficulties in the platinum group minerals (PGM) sector, South Africa's Anglo American Platinum (Amplats) is leaner and making more money. Factors that have helped Amplats include a favourable exchange rate, an upward swing in the price of PGMs, healthy demand against the backdrop of a moderate supply deficit and improvements in the domestic operating environment.

During a panel discussion at the Joburg Indaba conference on 2-3 October, Amplats chief executive Chris Griffith proclaimed on stage that the "fundamentals for PGMs are good and will continue to be good for the next number of years." In mid July, Amplats presented its interim results for the six months to June 2019. The company declared an interim dividend of R3bn ($196m) or R11 per share. It also recorded a 120% rise in headline earnings to R28.15 per share. Amplats resumed dividend payments in March last year after stopping them in 2011.

Scaling down

Amplats's "balance sheet [is] in good shape. South Africa [has] the best resources for PGMs and assets in the world," said Griffith to loud applause in October. Amplats is conducting studies for the next wave of growth. Griffith says his mantra these days is "do not generate volume, generate money".

The good, though, comes with myriad other challenges. Amplats, the world's biggest platinum miner, has been on a long, hard journey for years. It adopted a new strategy in 2013 amid fierce political resistance and a backlash from labour unions, which feared deep job cuts.

It forged ahead with the support of its board and Anglo American, which owns an 80% stake in the company. Through •••

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Innovative solutions for the metals & mining industry in africa

How is the situation in the mining sector in Africa?

The mining sector is an accelerator of development in Africa. The royalties and taxes paid to local Government boost the public spending, thus infrastructure, often in non-urban areas. Some of the minerals in Africa are crucial to the world economy, like copper, iron ore, bauxite, cobalt or manganese. Gold production in West and South Africa is booming.

How technical developments and artificial intelligence improve testing results and decrease capex

Furthermore, Africa is hosting enormous identified reserves (40% of world reserves for gold, 30% for bauxite, and 60% for cobalt and manganese). Those reserves will guarantee decades of contribution to African economy.

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Patrick Libihoul

Vice President Africa Northern and Market Leader Metals and Minerals Africa

Could you explain what is infrared spectroscopy and FTIR?

During infrared spectroscopy, a sample is presented to a light source and the response from the sample is measured by a detector. The response exploits the differences in chemical composition and lattice structure of minerals to produce a characteristic spectral feature.

BVM's spectral and machine learning service on pulps can provide quantitative determinations for a variety of parameters that are driven by mineralogy. Beside increased accuracy, this technology allows a substantial saving in capex.

Explain why BVM plays a vital role in the mining industry in Africa.

We provide spectral analysis & machine learning services to various major mining clients around the globe and have implemented the technology onto two major Bauxite mine sites in Guinea.

BVM believes in the continuous improvement of existing assay techniques and the pursuit of new methods that provide analytical and physical information to our clients. We endeavor to provide these innovations cost effectively to provide clients with increased data information for improved business decisions.

●●● its repositioning, Amplats scaled down its portfolio from 19 managed and joint venture operations in 2013 to six currently.

Its operations span the length and breadth of the platinum belt in the North West and Limpopo, South Africa's northern provinces. Although endowed with an abundance of natural resources, the areas where the company's operations are situated are far from ports and big cities. Infrastructure is a big challenge and those mining areas are home to some of the poorest rural communities in South Africa. In many instances, the mining operations are the only source of large-scale employers, leading to a mismatch of expectations. This often manifests in community protests that result in disruptions and delays to mining activity.

"The restructuring and repositioning came as a result of structural changes in demand for our products following the global financial crisis in 2008/2009," said Griffith. In late 2008, the spot price of an ounce of platinum dropped just below $800. The price skyrocketed to more than $1,850 in August 2011.

'Dieselgate'

The swings in price were exacerbated by the 2015 'dieselgate' scandal, he added. Demand for platinum, which is used in catalytic converters for diesel-powered cars, was hurt after German manufacturer Volkswagen was found to have faked emissions tests in the United States. The ensuing bad press provoked a reduction in the demand for diesel cars and as a result the price of an ounce of platinum failed to break the $1,000 threshold in the first 10 months of 2019.

The PGM sector was caught off guard. Used to years of continuous growth in demand for diesel, Griffith explained, "the industry continued to invest in growing volume [...] The result was an increase in unprofitable ounces being supplied into the market, leading to ballooning debt levels."

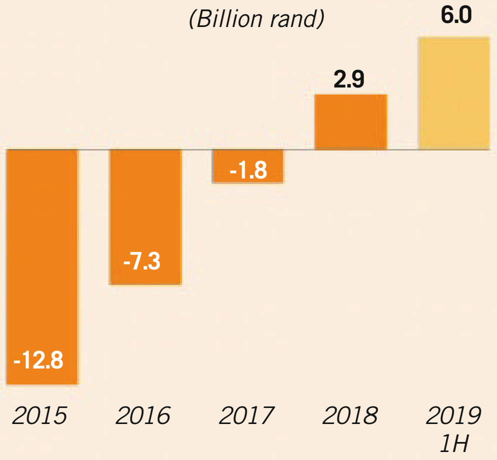
45%

The dominant platinum mines trade union demanded a massive salary increase during labour talks in June

Amplats anticipates overall automotive demand to remain stable this year and over the medium term as heavy-duty-vehicle emissions rules are tightened in China and India. Griffith added: "We expect a modest deficit in 2019, with an improving medium-term outlook from the potential of some substitution of platinum into gasoline autocatalysts."

On the labour front, Amplats improved relations with workers at its Mototolo mine in Limpopo earlier this year. Amplats bought out its joint venture partners at the mine, Glencore, in 2018. As part of the transition, employees had concerns about medical aid, pensions and pay. "Although there was some opportunism, we needed to improve our communication and engagement with Mototolo employees. [...] We [...] resolve[d] the unprotected strike in May without incidents of violence and settled through negotiation, rather than the courts, which was positive," said Griffith.

AMPLATS NET CASH DOUBLES IN SIX MONTHS
(Billion rand)



SOURCE: COMPANY REPORT

Labour talks in the PGM sector began in June with the Association of Mineworkers and Construction Union (AMCU) making an opening demand for a 45% wage hike. The harder-line AMCU has replaced the African National Congress-aligned National Union of Mineworkers as the dominant force in the platinum mines. In September, AMCU declared a dispute with employers and approached the Commission for Conciliation, Mediation and Arbitration (CCMA). Going through the CCMA is one of the procedural requirements in the event a union decides to embark on protected strike action. Although AMCU has gone this route, it has "also requested a meeting with the company outside of the CCMA process". To Griffith, this shows "the willingness of the parties to continue engaging".

And electricity supply is proving a problem too. Load-shedding by the state-run power utility Eskom in the first quarter of 2019 hurt production. Amplats expects to recover its production losses by year-end.

To mitigate against further disruption, Amplats is planning to build a 75MW solar power plant at its Mogalakwena mine in Limpopo. The company expects this new 75MW solar plant to provide about 21% of its electricity needs at Mogalakwena. The plant could be expanded to a total of 100MW as Griffiths and the rest of the Amplats team look to put their activities on a more sustainable footing in the future. ●

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New, huge, Chinese-built cranes at Djibouti's Doraleh port

VINCENT FOURNIER/JA

ETHIOPIA/DJIBOUTI

A marriage of logistics, energy and necessity

Contracts are due to be awarded for the construction of the pipeline needed for Ethiopia to exploit its trillions of cubic feet of natural gas from the Ogaden Basin

By **HONORÉ BANDA**

Interest in Ethiopia's oil and gas potential is heating up, with $4bn in deals to unlock natural gas reserves found in the Ogaden Basin making progress. The country could soon enjoy a big revenue rise from the exports of its natural gas. The backers of the project expect to award an engineering, procurement and construction contract shortly, which will allow work to start.

In February 2019, the governments of Ethiopia and Djibouti signed a deal to allow the construction of a 749.4km gas pipeline that will hook up to a new liquefied natural gas plant and export terminal. The Ethiopian government has yet to ratify the February deal and has been workshopping its draft oil policy for the nascent sector.

China joint venture

The pipeline will be built and operated by Poly-GCL, a joint venture between the state-owned China Poly Group Corporation and the Hong Kong-based Golden Concord Group. Poly-GCL has been operating the Calub and Hilala fields since 2013. The companies expect that the pipeline and other construction projects will take at least three years to complete once the contracts are signed. The companies have not released details about how they intend to finance the major construction works.

On 16 February, Djibouti's energy minister Yonis Ali Guedi told the news agency Reuters that the agreement defines "the key terms that will serve as the basis" for the establishment of •••

18+

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Opportunity and Risk - Meeting the Security Challenges in Africa

Increasing shareholder value requires growth. This necessity for growth is driving business to invest in more complex operating environments where the balance between opportunity and risk can be fragile. The right approach to ensuring the security of investments, assets and people in these environments is essential to meeting duty of care and fiduciary responsibilities and safeguarding reputation.

However commercial success is not guaranteed. Across the Sahel a complex Jihadist threat is undermining Government control of key regions, exacerbating already fragile relationships between communities and weak rule of law. Over the last 12 months security in many parts of the vast area that runs from Senegal to the Sudan has continued to deteriorate, with reportedly a threefold increase in security incidents in this period.

Colin Brown,

Senior Vice President, Strategic Client Group, GardaWorld

Reach out to GardaWorld to see how we can support you stay safe in Africa

When designed and executed well, the right security strategy is a competitive differentiator and enables business success. GardaWorld ensures our clients' success in challenging environments.

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Commercial organisations operating in these regions have suffered significantly. Terrorist attacks have caused huge loss of life of employees, resulted in the kidnap for ransom of senior business executives, led to the temporary closure of business operations impacting short term profitability and eroded shareholder and market confidence, smashing share price and damaging reputation.

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••• future gas contracts. “This is the most expensive project ever built in the Horn of Africa. Both parties have reached an agreement that will allow them to benefit fairly from the project,” he added.

Diplomatic shifts

Poly-GCL’s fields in the Ogaden hold an estimated 8trn cubic feet of gas. And in May, British firm New Age announced that it had found 1.6trn cubic feet of its own at its Ogaden operations. With Moroccan firm OCP planning to build a fertiliser plant at Dire Dawa that uses Ethiopia’s potash and gas reserves, some of the gas finds will be directed to the domestic market rather than export.

The planned gas pipeline also marks the further deepening of the economic integration between Ethiopia and Djibouti. But the relationship is no longer quite so straightforward. Whereas, before, Djibouti was Ethiopia’s only access point to the sea, handling 90% of it’s freight needs, a flurry of diplomatic and logistical upheavals have changed the game.

This pipeline is the most expensive project ever built in the Horn of Africa

The main Ethiopia-Djibouti road corridor, which is heavily congested, needs to be rehabilitated. Japanese and Saudi funds have been mobilised for this purpose. Meanwhile, the decision by Ethiopia’s Prime Minister Abiy Ahmed to reopen diplomatic relations with Eritrea in 2018 gives rise to the hope that access by land to Eritrea’s Assab port may now be an option for Ethiopia traders.

While Assab is currently under military use, it once used to handle the bulk of Ethiopian shipping. The Massawa port is also an option for the potash fields of Tigray, with just a few kilometres of paved roads to build to the Ethiopian border.

There are also commercial interests driving the relationship. When the Emirati-run DP World was kicked out of a contract to run Djibouti’s container port of Doraleh by the Djibouti government, it made a move on Somaliland’s Berbera Port, which will also serve the Ethiopian market. On 11 October 2018 building works began, with the objective to invest $100m of a total of $442m, to build 400m of quays and a free trade zone. Somaliland also angled for the planned gas pipeline to go through that region of Somalia rather than Djibouti.

But the Djibouti government is pressing its first-mover advantage and seeking to cement its infrastructure links. It is launching a new road corridor to service northern Ethiopia (see box), which has big potash reserves. A third Ethiopia-Djibouti road corridor is currently under construction in the south of the country, towards Galilee and the Ethiopian city of Dire Dawa. •

Djibouti launches a new road transport corridor to Ethiopia

On an old track, nestled in the heart of the mountainous terrain that marks the north-central part of Djibouti, the construction work was not easy. After several postponements, Djibouti’s President Ismaïl Omar Guelleh, accompanied by many officials from both Kuwait and Djibouti, inaugurated work on the northern corridor on 6 November – the 112km of road linking Tadjoura, the country’s second-largest city, to Balho on the Ethiopian border. The road then goes to Mekele, capital of the Tigray region.

The Kuwait Fund for Arab Economic Development, which financed the road between Tadjoura and Obock that was built by Kuwait’s Al-Kharafi, is providing $156m in funding for the new road, officially named Sheikh Sabah, after the Emir of the small petro-state. The road is strategic for both Ethiopia and Djibouti, and for the northern parts of both these countries.

Ethiopia’s late prime minister Meles Zenawi backed the project initially to facilitate the export of large potash reserves via the port of Tadjoura. But the high demand for imports from this market of 105 million inhabitants has redefined plans.

The new road will bring relief to the congested RN1

VINCENT FOURNIER/JA

The new road has now been resized to accommodate 60-tonne trucks. And the port of Tadjoura, where the trader Vitol already delivers liquefied natural gas, will become a multi-purpose port so that the road can be used to transport all kinds of goods. This will help decongest the Route Nationale 1 corridor around Djibouti port in the south. •

By **RÉMY DARRAS**
in Djibouti for *Jeune Afrique*

RÉPUBLIQUE TOGOLAISE

DOING BUSINESS 2020

TOGO – AFRICA'S TOP REFORMER

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DOING BUSINESS RANKING

+59 PLACES IN TWO YEARS,

TOGO HAS MOVED UP FROM 156TH TO 97TH PLACE

Togo has performed exceptionally well, moving up 40 places in the World Bank's Doing Business 2020 ranking, the international benchmark for measuring ease of doing business. Ranked 97th out of 190 evaluated countries, Togo is the only West African country to feature amongst the first 100 positions. This performance, the result of strong leadership and a demonstrated political will, is a win-win situation for the Republic of Togo and its President, Faure Essozimna Gnassingbé, who set his sights on making Togo the sub-region's top reformer by 2020. However, the Head of State stressed at the results presentation ceremony, this outcome is not an end in itself.

It is, in fact, an obligation, as the country cannot dispense with a competitive business climate, which is the basis for leveraging its many comparative advantages. These advantages are those found in Lomé, now an international financial centre, where the International Finance Corporation has recently set up. They are also those of a West African trade hub, a strategic infrastructure nexus at the heart of the ECOWAS economic community of 300 million people, defined by a road network undergoing renovation, an ultra-modern deepwater port and an airport officially opened in 2016, now home to the up and coming Asky airline.

The favourable economic environment commended by Doing Business should enable Togo to continue attracting private investment under its National Development Plan (2018-2022 NDP), after having spent 10 years re-structuring its agriculture sector, modernising its mining industry and closing its infrastructure gap, with the support of its public partners.

PHOTOS FROM LEFT TO RIGHT:

TERMINAL OF THE GNASSINGBÉ EYADÉMA INTERNATIONAL AIRPORT IN LOMÉ.

PRESIDENT FAURE ESSOZIMNA GNASSINGBÉ OFFICIALLY LAUNCHES THE CROSS-BORDER ELECTRIFICATION PROJECT.

THE 3RD WHARF AT THE PORT OF LOMÉ LCT

RÉPUBLIQUE TOGOLAISE

DOING BUSINESS 2020

TOGO
THE WORLD'S THIRD BEST REFORMER

Togo's dazzling progress in the Doing Business 2020 ranking didn't just come out of nowhere. The country's score has been changing dramatically over the past six or so years and, since 2018, with the establishment of a dedicated division, the country has gained 19 places – the biggest leap in the world – due to the country implementing its bold reforms. It was already one of the five African countries ranked among the top 10 reformers in the world, alongside Djibouti, Kenya, Côte d'Ivoire and Rwanda.

Paperless administrative procedures

In 2018, Doing Business particularly welcomed the introduction of online systems for paying corporate income tax and declaring value added tax. Togo had also sped up the company name availability verification process by fully implementing its online single window. The country had already embarked on its paperless process for building permits and property registration, which was praised in this year's Doing Business ranking.

THE TIME IT TAKES TO REGISTER A COMPANY DECREASED FROM 85 DAYS IN 2012 TO AN AVERAGE OF

4 HOURS

IN 2019

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LOMÉ'S NEW FISHING HARBOUR.

THE COST OF STARTING A BUSINESS WENT DOWN FROM 262,250 CFA FRANCS IN 2012 TO

28,250 CFA FRANCS

IN 2019

GNASSINGBÉ EYADÉMA INTERNATIONAL AIRPORT, LOMÉ.

Top of the list of countries to have made the most progress in the world in Doing Business 2020

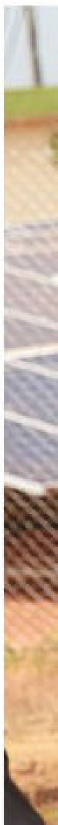
Togo tops the list of countries in terms of climbing up the ranking in Doing Business 2020, followed by Saudi Arabia and Jordan. In addition to its progress in registering property, the country has especially endeavoured to improve its performance in the criteria of starting a business, dealing with construction permits, getting electricity connections and getting credit, which took it to the top of the list in Africa and 15th in the world. Five significant reforms are what enabled the country to climb 40 places:

Starting a business

Togo has continued its endeavours over the years by setting up a single window for starting a business, thereby drastically reducing the procedures, cost and time required for company registration.

Handling of construction permits

Togo has simplified construction permit processing by introducing an online submission service and reducing the costs of this procedure. The online service has also made the handling of construction permits more transparent, as the required documents, fees due or the pre-approval process are now available online. The country has also improved the quality control of its new buildings by introducing a regulated inspection before, during and at the end of construction, with the option of issuing a certificate of compliance on completion of the inspection.



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ROAD 2, THE DÉFALÉ BYPASS.

CONSTRUCTION OF NEW HOUSES UNDERWAY.

Getting electricity

Togo has made electricity more affordable by further reducing connection times and the costs of new connections. After undergoing an initial 30% cost reduction in 2017, medium-voltage connection costs dropped by 50% in 2018.

DEMAND FOR ELECTRICITY CONNECTIONS HAS
TRIPLED
OVER THE PAST 3 YEARS

Property registration and ownership

Togo has simplified property registration by streamlining procedures through the setting up of a single window and reducing the costs: registration fees have gone from 4% of the value of the property to a flat fee of 35,000 CFA francs (compared to 9% in 2012).

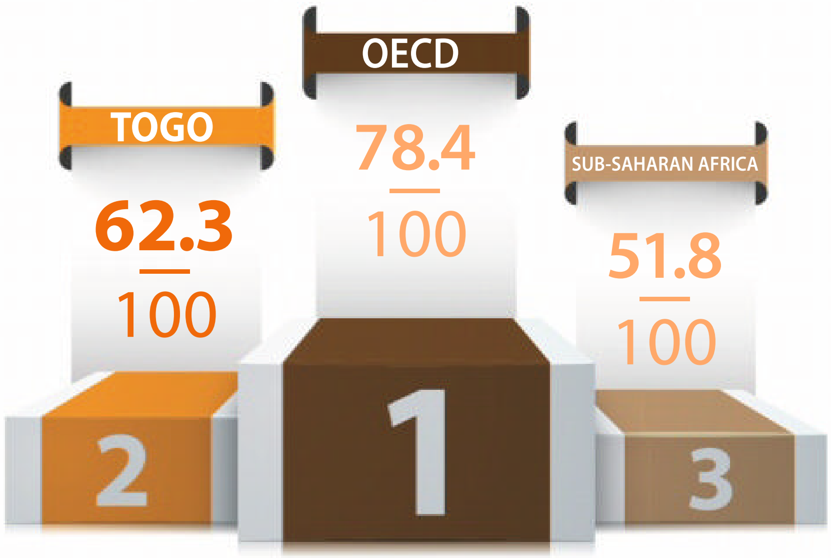
Getting credit

Access to credit information has been improved in Togo by expanding the scope of the Credit Information Bureau (BIC), implemented in 2016 under WAEMU directives to reduce information asymmetry between lenders and borrowers and to improve credit oversight, ultimately increasing access to these services at reduced costs. To this end, the government has introduced a law to speed up the availability of information in the BIC database, mainly from major utilities (water, electricity, telecoms).

THE PRESIDENT OFFICIALLY OPENING THE SOLAR POWER PLANT IN ASSOUKOKO.

© PETA EMMANUEL

TOGO SCORES WELL ABOVE THE AFRICAN AVERAGE



(Source: Doing Business 2020)

RÉPUBLIQUE TOGOLAISE

DOING BUSINESS 2020

TOGO
"TOGETHER WE WILL SUCCEED"

© PITA EMMANUEL

Faure Essozimna Gnassingbé, President of the Republic of Togo

"Two years ago, we were 156th in the Doing Business ranking. I was not at all happy because we were regressing and we were second-last in the WAEMU space. This was a big wake up for us... Now we are all proud of the steps that have been taken (...), we should be proud that there are so many new businesses being started.

Reforming our country was also a prerequisite for financing our National Development Plan (NDP 2018-2022). When you meet with private investors, they have available funds, but they look at whether the country is attractive or not. This is why there was an urgent need to reform our habits, institutions and procedures (...). There is still a lot of room for improvement and I know that if we are able to continue in this spirit, in this alliance between the administration and the private sector, between other trades, architects, notaries, lawyers... together we will succeed."

(Excerpt from the speech delivered at the Doing Business report presentation ceremony in Togo, 31 October 2019).

© PITA EMMANUEL

Sandra Ablamba Johnson, Minister and Advisor to the President of the Republic, National Coordinator of the Business Climate Unit

"All these reforms have generated – and will continue to generate – positive effects for our country. This is demonstrated by the increase in foreign direct investment inflows to Togo (...). For the second year, maritime traffic maintained its upward trend, making the Autonomous Port of Lomé the leading container port in the sub-region. The *Centre de Formalités des Entreprises* also experienced an upward trend in the number of companies registered, including a substantial share of women-owned businesses, which stood at 26% at the end of September 2019. In addition, loans in the decentralised financial services sector have increased (...). I would like to assure you that we will continue our efforts to (...) deepen the reforms under way and address those indicators where our country has room for improvement."

56,606

BUSINESSES HAVE BEEN STARTED OVER THE LAST 5 YEARS, OF WHICH 9,000 WERE FOUNDED DURING THE FIRST THREE QUARTERS OF 2019 (+11%)

THE IFC SETS UP IN LOMÉ

The International Finance Corporation (IFC), the World Bank Group's development assistance institution specialising in private investment, opened a country office in Togo in October. "*We wish to contribute to creating quality jobs, generating income and contributing to shared growth,*" said Sergio Pimenta, World Bank Vice President for Africa and the Middle East, during the Doing Business report presentation in Togo. This country office also consolidates IFC's contribution to Togo. Active in energy, financial markets and logistics with a portfolio of more than $330 million, the institution could develop projects in the water or digital sectors. "*Togo really is a country in which the private sector should be investing,*" said Sergio Pimenta.

> "Togo is an example of good performance for many countries to follow across quite a few indicators."
>
> **HAWA WAGUÉ**, World Bank Resident Representative for Togo

DIFCOM/DF - PHOTOS:UNLESS OTHERWISE MENTIONED.

Kenya's flagship, costly Standard Gauge Railway

SIMON MAINA/AFP

KENYA FOCUS

Visions of growth

The Kenyan government is learning that infrastructure alone will not supercharge the country's economic growth. After a spending splurge, Nairobi can now look for a more holistic way to strengthen the economy and support national development

By **MORRIS KIRUGA** in Nairobi

In mid-October, Kenya's President Uhuru Kenyatta launched the second phase of the cross-country standard gauge railway (SGR). That same morning, he had broken ground on a new expressway traversing Nairobi's main airport and the city beyond. While both projects are key enablers of the Vision 2030 development plan and built and funded by Chinese actors, the major difference was in their mode of financing.

While the SGR was built through a part-concessional, part-commercial loan from Exim Bank of China, the expressway will be funded through a public-private partnership contract. The Chinese company that will build the dual carriageway has a 30-year concession to operate it. The reason for the change is the East African country's spiralling debt, which increased from KSh2.12trn in January 2014 to KSh5.4trn ($52.5bn) in March 2019. Its debt-to-GDP ratio rose to 62%, according to a recent report by ratings agency Moody's.

Big Four

These are worrying figures, as 2019 marked the mid-point for Vision 2030. Launched in 2008 by then-president Mwai Kibaki, the blueprint was supposed to make Kenya a high middle-income country. It has three main pillars: economic, political and social, meant to be achieved by investing in multiple enablers. The blueprint is divided into five-year medium-term plans. In the latest one, known better as Kenyatta's Big Four Agenda, the broader plan was whittled down to four focus areas: manufacturing, affordable housing, universal healthcare and food security.

Vision 2030's goal is to facilitate rapid economic growth, with an annual target of 10% or more after 2012. This rate has never been achieved. Kenya crossed the lower middle-income mark in 2014, after updating its economic figures and rebasing its GDP upwards by 25%. In Kenyatta's medium-term plan, the goal is a more realistic 7% growth by 2022. The IMF and World Bank have cut projections, with growth at 5.5% and 6% for 2019 and 2020, respectively.

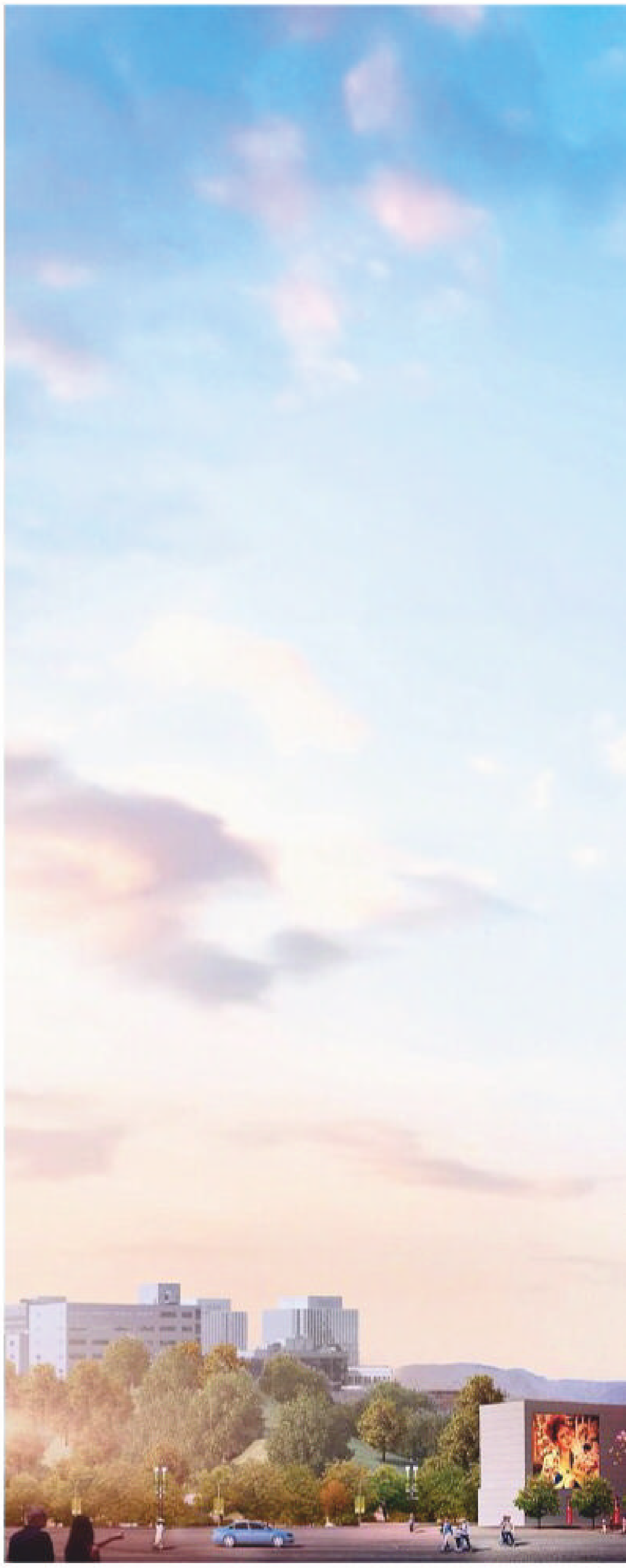
62%

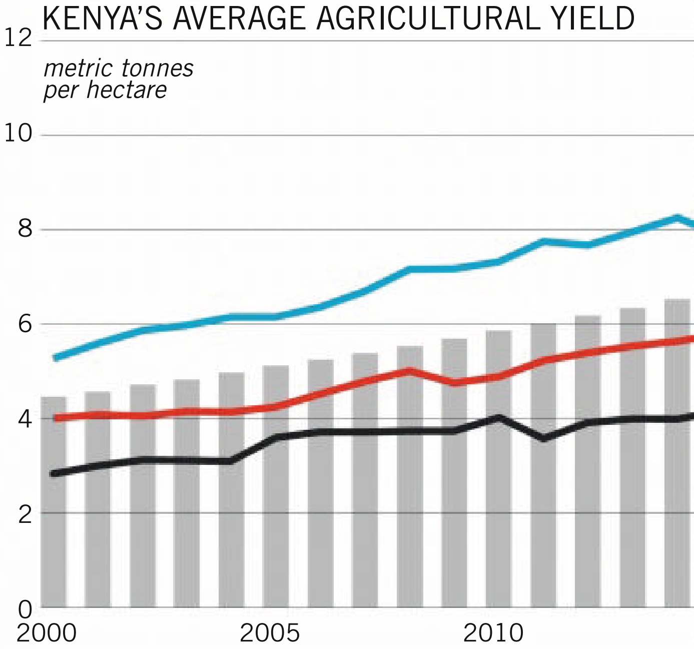
Kenya's public debt-to-GDP ratio, at KSh6trn, according to a recent report by ratings agency Moody's

The reasons why the country of 47 million people is not achieving its own predictions are multiple. The wider problem, economists argue, is that under the Jubilee Party government, the vision was pared back to its infrastructure bones. "Since this government came to power, they have defined infrastructure investment as a stand-alone item that drives the economy," says Tony Watima, a Nairobi-based economist. "Infrastructure investment should develop people, leading to the improvement of the quality of their lives and sustainable economic development."

Government mandarins disagree somewhat with this view. Infrastructure, described in blueprint-speak as 'enablers', formed the core of Kenya's plans. The first major project, launched just six months after the vision itself, was the eight-lane 50km Thika Road. It took three years to build and cost KSh32bn.

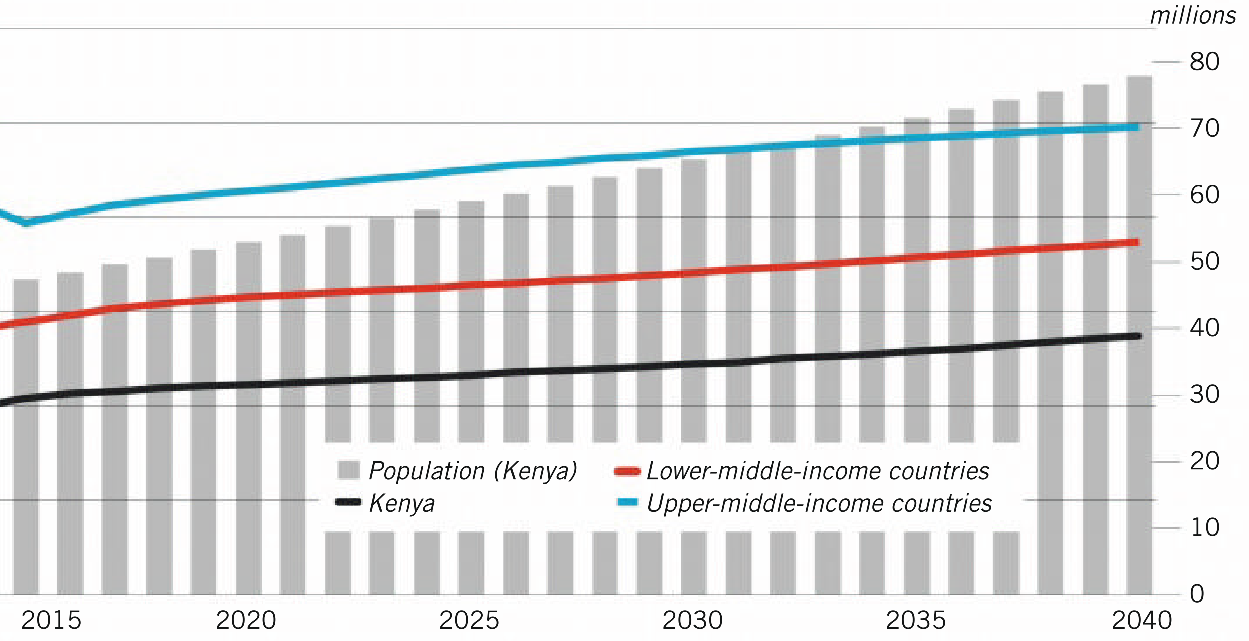
"Drive along Thika Superhighway any morning today and the traffic jam is back. That is the best indicator that it was a right investment," Wahome Gakuru, the late founding director





PRESS OFFICE

The Pinnacle will be among Africa's tallest buildings



SOURCE: FAOSTAT AND UNPD DATA

of Vision 2030 and later governor of Nyeri County, wrote in the *Daily Nation* in 2017. "Was Aswan Dam in Egypt a mistake? Was Sun City in South Africa a bad project? Some economists are paralysed by their analysis."

Financing stalled

Other projects in the vision are Konza Technopolis, the SGR, a new airport terminal, the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) corridor, special economic zones and energy generation projects. While some, such as several new power plants, have been successful, most of the others have either been delayed, cancelled or are still incomplete. Kenya now has 18,655km of paved roads and an installed energy capacity of 2,711.7MW, with an increasing share from renewable sources.

While the second phase of the SGR is complete, financing for the next phases has stalled after China declined to fund it. The new airport terminal project was cancelled in 2016. The first berth at the Lamu Port, the launchpad of the KSh2trn LAPSSET corridor, was completed in August 2019 while other elements of the corridor plan are in limbo.

The Konza project has also stalled, despite pumping billions of shillings to prop the oversight authority and infrastructure to attract private investment. By mid-2019, the only structure on the ground is the authority's headquarters, with basic infrastructure missing.

Nairobi has a strong start-up scene, but many companies have struggled to raise finance. Agriculture-focused Twiga Foods has been a bright spot in a sector that employs a vast number of Kenyans. The country has been climbing higher in the World Bank's Doing Business rankings, but much more in terms of policy, education and finance is still to be

Agribusiness still struggles to find financing

TONY KARUMBA/AFP

done to build up manufacturing, agribusiness and tech ecosystems. The business and other communities want to have more opportunities to talk with the government about and help formulate its plans.

Devolved governance

Governance and the geographical concentration of economic activity are other obstacles to growth. In 2010, Kenya adopted a new constitution that restored a devolved system of governance. Kenya now has 47 county governments with elected governors and legislatures.

The devolved system has more definition but is still struggling to clear up its relationship with the central government. The main complaint is sharing of revenue. In mid-2019, the Council of Governors filed a case in the Supreme Court, another creation of the new constitution, seeking more money.

While the reasons for the current crises are mainly economic, implementation of the new constitution ran into its first major hurdles almost as soon as it was promulgated. In 2010, six people, including the current president and deputy president, were indicted by the International Criminal Court for crimes against humanity. The cases shaped Kenya's politics between 2010 and 2016, by which time both Kenyatta and William Ruto were already in office and the country was due for another election.

That period also coincided with increased insecurity, as terror attacks by the Somalia-based Islamist rebels of Al-Shabaab increased in Nairobi and northern Kenya. Tourism growth stagnated as a result, affecting one of Kenya's biggest foreign-exchange earners.

Affordable housing is another government priority. "Kenya currently needs to put up about 200,000 houses each year to fix its low-cost housing shortage of 2m units by 2030," says George Mburu, the operations director at Mizizi Africa Homes. Meeting that high demand, even with Kenyatta's Big Four Agenda, will be hard because of what Mburu sees as "low support and output from the private sector."

Kenya's real estate market has been booming for more than a decade, so it has gaping holes on affordable housing. The market began stalling five years ago, a situation worsened by the 2016 interest rate cap (see page 138). Banks shunned lending to the private sector for government securities, further slowing growth.

47

county governments were formed with elected governors and legislatures under the new constitution

'Stick to the path'

With those challenges, how relevant is Vision 2030? While launching the blueprint in June 2008, Kibaki implored Kenyans "[to] never again fight one another but instead stick to the path of development we [had] embarked on." While the country has avoided a repeat of its 2007-2008 electoral violence, a post-election crisis in 2017 created another complication in implementing the vision's political and social goals. The plan to create "issue-based, people-centered, result-oriented and accountable democratic political systems" has been hampered by runaway corruption, mismanagement and 2022 politics.

After Kenyatta's now-famous 2018 handshake with his chief rival Raila Odinga, the two embarked on a new plan that might change Kenya's political landscape. In November, Kenyatta received a joint committee's report that suggests major changes to laws on political structures and corruption.

Mugambi Laibuta, a Nairobi lawyer who was part of the team that worked on those proposals, tells *The Africa Report*: "Unfortunately Kenya suffers from having so many development initiatives. In my view, they should all be consolidated into one." With the economy in dire need of mending, and political temperatures rising, Vision 2030 is now a blip in the immediate plans of Kenya's political class. Economist Watima concludes that in the end, Kenyans never really owned the blueprint as its "driving wheel into the future". •

De-risk and investors will come

Investment insurance attracts US$2bn new FDI to Africa

(l to r) John Lentaigne, Ag CEO of ATI and Sébastien Rozès, Executive Officer & MD of MUFG sign a MoU to support millions of additional financing to Africa from Japan's largest bank.

John Lentaigne, the Ag CEO of ATI, Africa's guarantee provider, discusses the importance of risk mitigation in Africa's quest to attract more FDI.

Why does Africa need to de-risk?

Whether the risk is real or perceived, many African countries are seen to be amongst the more risky global investment destinations. Investors make long-term investment decisions considering factors such as a country's credit rating, transparency, the rule of law and political stability. Investment insurance is behind most major project finance investment decisions and credit insurance is a requirement of most international lenders.

Does this added component of insurance increase the cost of lending?

Commercial lenders may not openly state that investment insurance is part of the fee structure because the risk premium is typically built-in to the lending margins. One alternative is for governments to structure their borrowing requests with explicit insurance to protect the lender against sovereign non-payment risks. Governments can then obtain more competitive lending offers at longer tenures, which results in annual savings and more manageable debt.

What is the net gain for Africa?

Africa currently attracts about US$46 billion annually of FDI and over 5% of this is already insured by ATI. If more African countries were to utilize ATI, this amount could increase significantly. With an expected 4 new member countries joining ATI in early 2020, we expect to support close to US$2 billion of new investments into these countries in the next 12 to 24 months.

ATI's presence in a lending structure allows countries to use their sovereign guarantees more sparingly in order to free up their fiscal headroom. In 2019, ATI expects to close the year by supporting a total of c.US$6.5 billion in exposures. With a significant number of African member countries joining, the potential to do more for Africa's growth is significant.

AFRICAN TRADE INSURANCE AGENCY
Africanrisks@ati-aca.org

www.ati-aca.org

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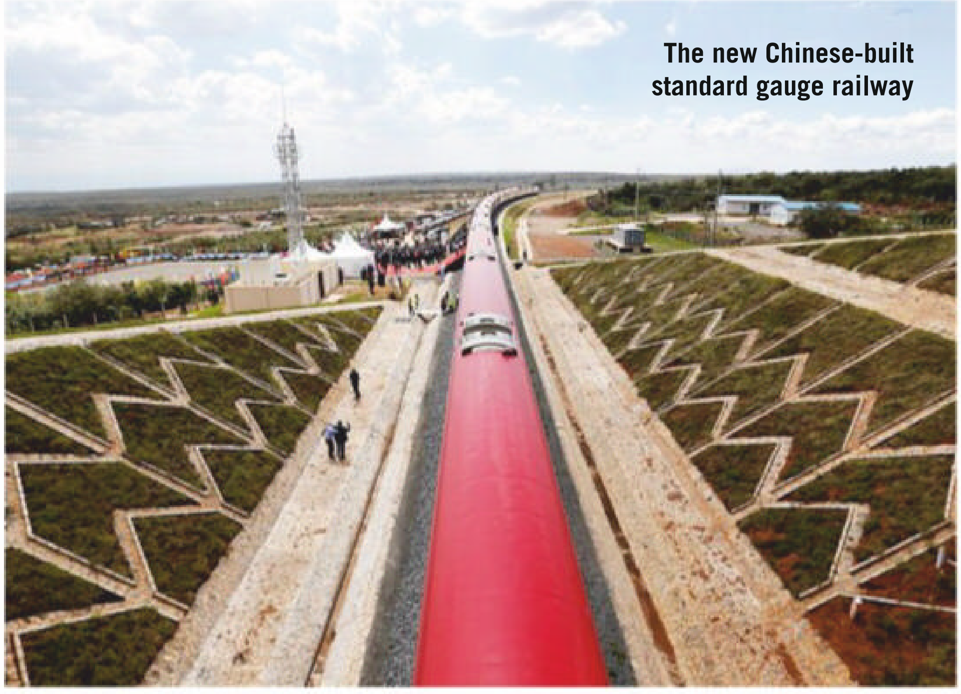


The new Chinese-built standard gauge railway

THOMAS MUKOYA/REUTERS

PROJECTS

Keeping the planners busy

Despite concerns about the government's debt levels, many major public and private investments are moving ahead in 2020

By **NICHOLAS NORBROOK**

The sheer volume of large projects is keeping the Kenyan administration busy. It is not just the two completed legs of the standard gauge railway (SGR) that cost nearly $5bn and connects Mombasa on the coast to Naivasha deep inland via Nairobi. Across the country, a vast number of road and other projects are underway. If they are all completed, Kenya will have a well-connected economy, with strong road links to neighbouring countries, a rejuvenated airport and a solid port complex at Lamu.

The transport network dubbed the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) corridor is back in play, with new momentum injected after a two-day Kenya-Ethiopia trade conference. Greater rapprochement could yield more concrete progress.

One glaring absence, however, is progress on the SGR railway connection through to Uganda and beyond to Kigali. The problems on getting finance calls the profitability of the original deal into question, as revenue generated by a regionally integrated railway line could justify the large investments made.

Another missing element from the project line-up is the large coal-fired plant near Lamu that was blocked by Kenya's judges after companies failed to deliver a proper environmental assessment.

Construction remains a key driver of the economy. The Nairobi Gate industrial park is set to open early in 2020, situated near the airport and the inland container depot. The Pinnacle Tower under construction will be one of Africa's tallest buildings. Not everywhere is blossoming, however. Tatu City, an exurb of Nairobi, is still awaiting permission from the county government to proceed. ●

OIL

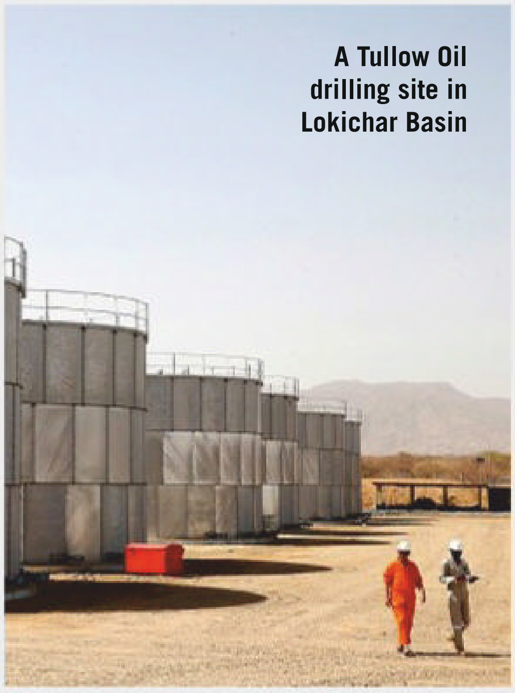
Infrastructure needed

It has not been a story of gushers and quick returns for Kenya's oil sector. Kenya's geography does not allow for it. Tullow Oil, Africa Oil and Total want to pump some 560m barrels of oil from the Lokichar Basin in Turkana, but it is far from the coast. The first oil shipments from the region this year required a fleet of trucks to haul the crude to cargo ships in Mombasa.

They will continue their back and forth for at least the next 18 months, says Tullow chief executive Paul McDade. The company will make its final investment decision on a pipeline to the coast in 2020. Chinese and Indian refiners are set to be the the key customers for those exports.

The pipeline plans are now with the Kenyan government, with a price tag of at least $1.1bn. The price is driven by having to heat the waxy crude to keep it liquid enough to pump.

Another issue that the government and companies have to deal with is that local communities also want their share of the benefit. "When you slaughter a goat, the owner of the goat is left with the leg," Turkana County deputy governor Peter Emuria Lotethiro told reporters. "Turkana want their leg." ●



A Tullow Oil drilling site in Lokichar Basin

BAZ RATNER/REUTERS

The government plans to nationalise the airline

THOMAS MUKOYA/REUTERS

AVIATION
Kenya Airways reborn

By the end of 2020, Kenya's national airline will be fully owned by the state. In a bid to halt the debt-ridden free-fall of Kenya Airways, it will become a unit of a state-owned holding company, alongside Nairobi's Jomo Kenyatta International Airport, Kenya Airports Authority and Kenya Civil Aviation Authority.

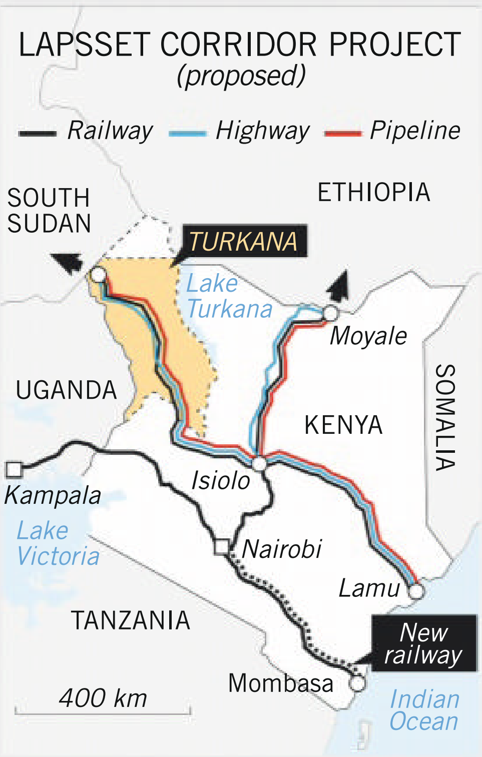
The model is one used by neighbouring Ethiopian Airlines and Emirates. Michael Joseph, the chairman of Kenya Airways and acting chief executive of telecoms firm Safaricom, suggested the idea to the Nairobi government. "The way it's designed is to have a strong board that will have the authority and the mandate to leverage the balance sheets to expand the aviation business in Kenya," Joseph told Bloomberg.

Local rivals are certainly increasing the pressure. The government of Rwanda is spending more than $800m in partnership with Emirates to boost Kigali's role as a hub for travellers coming through Asia and the Middle East. ●

ROADS
Highways abound

The much-awaited road connection between the Tanzanian port of Bagamoyo and Kenyan port of Mombasa could now see the light. The 460km highway has already been rescheduled several times, having to find a less damaging route through Saadani National Park.

The African Development Bank will meet 70% of the estimated $750m project cost, with Kenya and Tanzania meeting the rest. It will be the third such highway connecting Kenya with Tanzania. Kenya's connections will also improve with Ethiopia with the beginning of work on the Kenol-Marua dual carriageway, which will link regions in central Kenya to the north of the country and beyond. ●


LAPSSET CORRIDOR PROJECT (*proposed*)

SOURCE: KENYA MINISTRY OF TRANSPORT

PORTS
Lamu's uptick

After years of talk about the potential for the northern city of Lamu, progress is being made. The first $320m berth of Lamu Port officially opened in November. Two more berths are set to open in 2020. This marks a turnaround of sorts. The LAPSSET project, a vast collection of pipelines, roads and ports, had been faltering due to conflict in South Sudan and a lack of interest from Addis Ababa. However, a recent agreement by Ethiopia to take a terminal at Lamu Port has given it a shot in the arm. Ethiopia is currently casting around for ways to diversify its import-export corridors away from Djibouti. The growth of Lamu will add yet another to a growing constellation of East African ports. But the progress of the road between Lamu and Garsen is a worry, as the 135km route is far from ready. ●

Equity Bank is poised to be the biggest beneficiary

SIMON MAINA/AFP

FINANCE

The end of the rate-cap experiment

Legislators insisted on the cap on lending interest rates, but the government and the IMF said it was doing more harm than good

By **MORRIS KIRUGA** in Nairobi

Kenya finally lifted its interest rate cap on loans – which was opposed by banks and President Uhuru Kenyatta's administration – in November. The country's lower house failed to raise a two-thirds majority that would have allowed it to push through the crucial Finance Bill 2019 with the cap intact, which Kenyatta had refused to sign.

The vote, held on 5 November, ended Kenya's experiment with rate caps, which were first introduced in 2016. Kenyatta signed the bill two days later, freeing banks to determine what interest to charge on credit. In his memo to parliament, he had cited multiple reasons for his refusal, chief among them how caps had shrunk credit to the private sector. A May 2019 IMF working paper explained: "The intent of the controls was to reduce the cost of borrowing, expand access to credit and increase the return on savings. However, we find that the law on interest rate controls has had the opposite effect of what was intended."

Kenya's top bank executives and central bank governor Patrick Njoroge blamed the rate cap for the declining access to credit, as banks preferred to loan to low-risk borrowers such as the government and large corporations. On the other hand, legislators, some of whom stormed out of parliament after the vote, have insisted that the cap was necessary to protect borrowers from high interest rates.

3%

Customers with high-risk profiles will not see rates rise by more than this, says KCB Group CEO Joshua Oigara

KCB Group CEO Joshua Oigara, however, says that rates will not rise sharply any time soon because "the macroeconomic and business environment where we are today does not at all support an environment of high rates," he told media. "For customers with high-risk profiles, we may see a 2-3% increase. We are not going to see a massive change."

'Credit positive'

Credit rating agency Moody's called the decision to remove the caps "a credit positive" in a recently published report. Christos Theofilou, a vice-president and banking analyst at Moody's wrote: "Removing the rate cap positions Kenyan banks to better price risk. We expect higher loan growth in the next 12-18 months and increased lending to parts of the economy that have had subdued development and access to credit, primarily SMEs in sectors like trade and real estate."

Analysts predict that Equity Bank, Kenya's biggest bank by customer numbers, will be the biggest beneficiary among the country's lenders as its "net interest rate spreads have dropped the most since the implementation of the rate caps because it is more focused on SME lending than the other banks," Moody's said. Ronak Gadhia, a director of sub-Saharan Africa banks research at EFG Hermes Frontier, told Bloomberg that the bank "has a low loans-to-deposit ratio, so its capacity to lend is stronger than everybody else".

Equity Bank, which covers nine markets, is on a regional expansion drive and announced in November that it will take over *Banque Commercial du Congo* for $105m. ●

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INFRASTRUCTURE

US-China road rage

When Washington and Beijing jockey over infrastructure projects in Kenya there is ideology as well as money at stake, and Nairobi's debt is a cue for point scoring

By **MORRIS KIRUGA** in Nairobi
and **ERIC OLANDER**

The competition between the US and China over infrastructure projects – and their financing – is heating up in Kenya. So is the rhetoric. On 1 November, the US ambassador to Kenya, Kyle McCarter, tweeted his exasperation over an article in *The Star* newspaper claiming the US had "ditched" the planned 473km, KSh300bn ($3bn) Mombasa to Nairobi expressway project and that the Kenyan government was now looking to Chinese contractors to do the job. He called the report "total RUBBISH!" and published a photo of it with the words "FAKE NEWS" blazoned across it.

Later the same day, *Bloomberg* ran a story including comments from McCarter saying the US is still "fully committed" to the project. Then, the next day, *Standard Digital* reported that the project is still under US management but may be delayed by as much as two years. The *Standard* piece quoted the head of Kenya's highways authority, Peter Mundinia, saying: "Nobody other than the Americans have shown interest as far as I know."

The furore started a few days before, when McCarter made comments about Kenya's debt. Washington is keen to paint its development model as more virtuous than China's, who it accuses of predatory lending: "Kenya's debt is spiralling out of control. We don't want to put debt on Kenyans. We want to do business in a transparent way and the onus is on Kenya to put its debt in order," he said. Kenya's cabinet secretary for transport, James Macharia, confirmed the expressway plans had been put on hold for one or two years, as the government struggles to rein in its debt.

Uncle Sam's corruption-buster

Ambassador McCarter talked up Bechtel's role in the expressway project as an example of the advantages of public-private partnerships over state-owned companies: "The project by a world-class US company will provide the best engineering solutions for Kenya's infrastructure needs at a lower price than competitors." In a statement, he also said that "doing business with a US company helps combat corruption through the anti-bribery provisions of the Foreign Corrupt Practices Act."

Just two weeks earlier, President Uhuru Kenyatta had launched plans for the Nairobi City Expressway, to be funded and built by Chinese companies. The project ran into headwinds over a proposal to hive 5,000m² off Uhuru Park, Nairobi's largest green space, forcing the government to revise its plans.

Combined, the two expressways will make road transport between the country's two largest cities easier. But at the heart of both is Kenya's runaway debt, and whether building the expressways is a good decision. The US-backed project is important to Washington because it wants to try to counter China's debt-backed development model in Africa. But the deal has been under discussion since 2016, and Washington is certainly moving slower than Beijing typically does. ●

> The US wants to counter China's debt-backed development model in Africa

Road contractors work at the Ngong Road site in Nairobi

SIMON MAINA/AFP

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An Initiative of German Industry for Future Leaders from Africa

Fellowship Opportunity

AFRIKA KOMMT! is a joint initiative for capacity building of leading German companies. It aims at young highly qualified professionals from African countries with several years of working experience on the job.

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- Postgraduate degree (e.g. MBA) is an advantage
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- Excellent English language skills
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- Intercultural competencies, open to new experiences abroad and willing to learn German

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Applications for the AFRIKA KOMMT! programme cycle 2020 – 2022 can be submitted until 10 January 2020 through the online application form on www.afrika-kommt.de only. Successful candidates will be invited to an assessment centre in Africa in March 2020.

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TELECOM

Safaricom finds a successor

A swath of changes have been underway at the Kenyan telecoms company since the death of its CEO Bob Collymore in July. Now Peter Ndegwa is set to take over in April of next year amid a complete rebranding and plans for an Ethiopia expansion

By **MORRIS KIRUGA** in Nairobi

Ndegwa was tapped after a two-year search

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15

years at multinational alcoholic beverages company Diageo will help Ndegwa navigate Safaricom's future

The two-year search for Safaricom's third chief executive ended on 24 October, after the telco's board announced Peter Ndegwa, the managing director of Diageo Continental Europe, as the late Bob Collymore's successor. Ndegwa will take over from acting CEO Michael Joseph, who also served as the company's first chief executive, in April 2020.

At the heart of the succession debate was the issue of nationality, as Safaricom's two CEOs since inception were foreigners who took up Kenyan citizenship. Ndegwa is a Kenyan citizen by birth, which settled one issue but raised another.

"It is unfortunate for Kenya that we always look at the tribal affiliation of somebody hired to lead a multinational corporation. They debate whether he would be influenced politically or not. I think it is very unfortunate that that is the trademark of Kenyans in general," Joseph said in a TV interview after the announcement was made. "Ndegwa has the necessary experience of running a large corporate, and he has the right qualifications," he added.

Running Kenya's most profitable company will be a new challenge for Ndegwa, who has spent the past 15 years in the alcoholic beverages industry. In February, Collymore told *The Africa Report* that his successor should be "someone who understands the financial sector a lot more, if we are to occupy the fintech space, and someone who is not going to be scared of going into other markets". While Ndegwa does not have such a background, his experience running multinationals will be important as Safaricom moves into the next phase of its life.

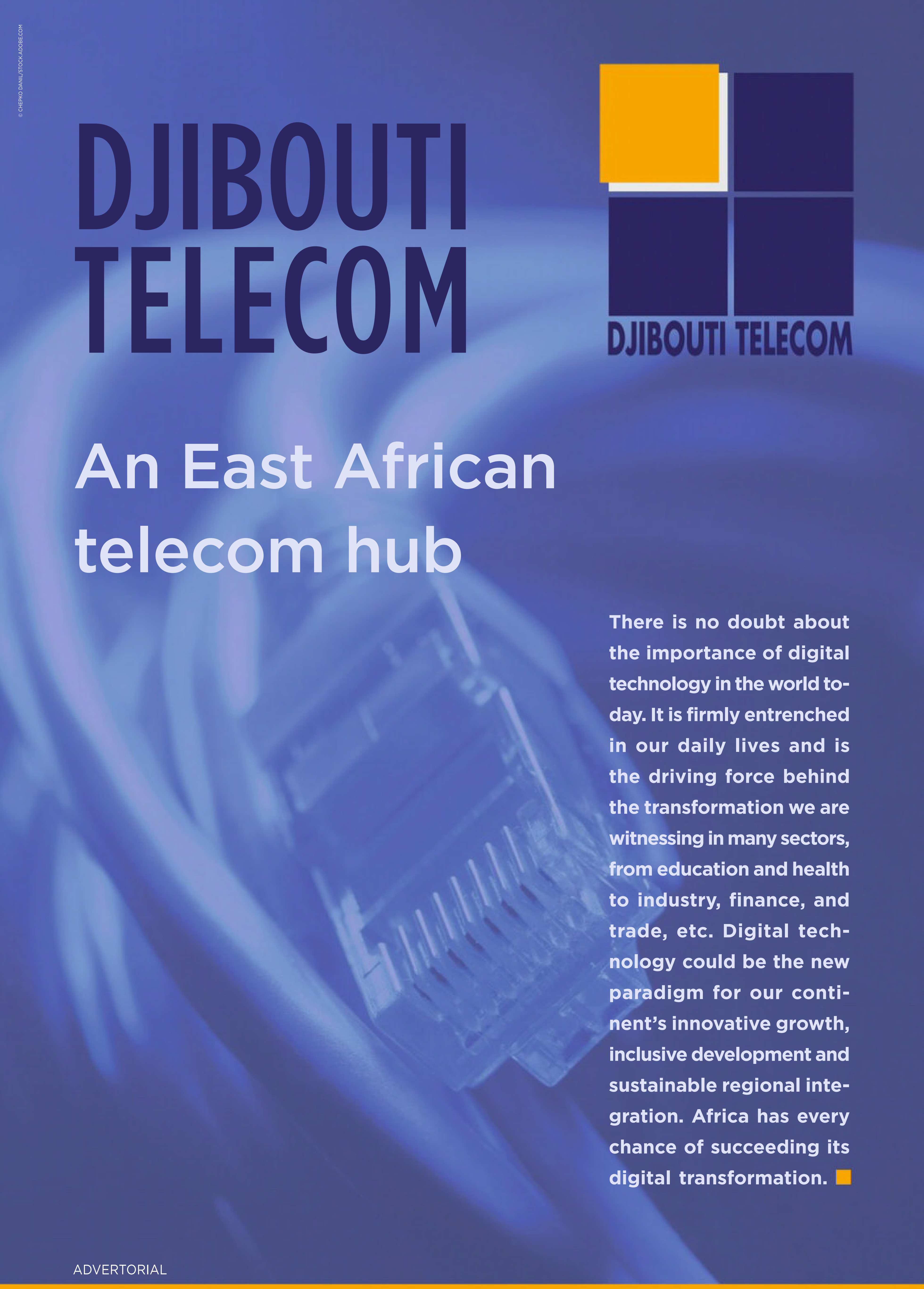
Consumer-facing changes

Ndegwa's brief will include revitalising the Safaricom brand in its home market as well as leading its potential entry into Ethiopia. He will also take over a company facing stronger competition, as Safaricom's primary competitors, Airtel and Telkom Kenya, are working on a merger that could be approved before the end of 2019.

Safaricom's diversified portfolio has moved it further from being just a telco, as the share of revenue from the M-Pesa mobile-money platform has steadily grown. In its half-year results announced on 1 November, the company's primary growth drivers were M-Pesa and data.

In the few months he has been in office, interim CEO Joseph has been working to revamp the company and hopes his successor will see the changes through. A day before the announcement of the new CEO, for example, Joseph announced a complete rebrand of Safaricom and made several consumer-facing changes.

For its more than 30 million existing customers, the biggest change the company made was to introduce new voice and data packages without expiry dates. The expiry of such products has been a constant source of consumer complaints in telco markets across the continent. ●



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DJIBOUTI TELECOM

An East African telecom hub

There is no doubt about the importance of digital technology in the world today. It is firmly entrenched in our daily lives and is the driving force behind the transformation we are witnessing in many sectors, from education and health to industry, finance, and trade, etc. Digital technology could be the new paradigm for our continent's innovative growth, inclusive development and sustainable regional integration. Africa has every chance of succeeding its digital transformation. ■

The digital economy offers tremendous opportunities but for our continent to take full advantage of these, we must invest massively in telecommunications infrastructure, the foundation of digital transformation. Consequently, the telecommunication and ICT sector has always been a major concern at the highest levels of the Djibouti State. Significant investments have been made to upgrade the international and regional telecommunication infrastructure so that we can capitalise on our geostrategic position and further our intention of becoming an international and regional hub. At the intersection between three continents (Asia, Africa and Europe) and serving as a bridge between Africa and the Middle East, the Republic of Djibouti, this small country with an area of 23,000 square kilometres and a population of under a million people, is being called upon to underpin its role as a multi-sector hub in the Horn of Africa.

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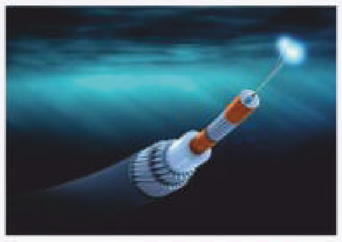
Vision 2035, initiated by His Excellency Ismael Omar Guelleh, President of the Republic of Djibouti, aims to transform the country into a regional hub in the areas of transport, logistics, trade, finance, telecom and ICT.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Cutting an undersea communication cable.

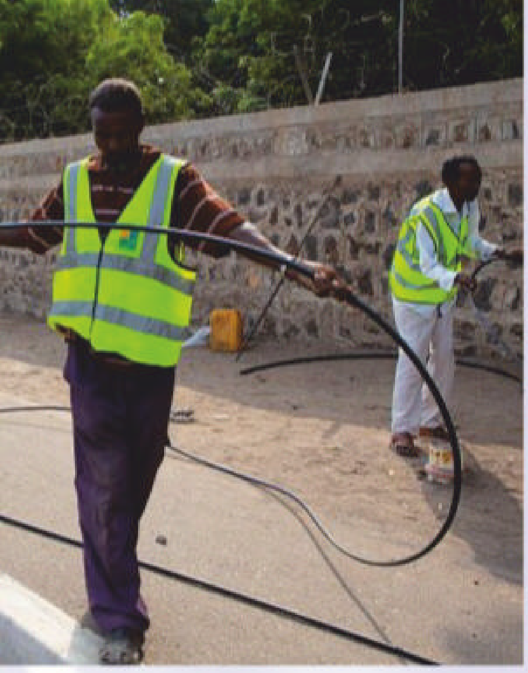
Installing new terrestrial cable in Djibouti.

DJIBOUTI TELECOM is now a global and integrated operator active in four main business segments: mobile services, submarine cable capacity sales, Internet service provision (ISP) and landline services. DJIBOUTI TELECOM fully intends being a major player in its sector in this digital future and to become the biggest regional hub of information highways, with fibre optic cable facilities that play a constantly growing role in the development of the digital economy on a global scale. With this in mind, DJIBOUTI TELECOM has launched a vast transformation plan comprising several components: an international, regional and national strategy with two major programmes, "**Djibouti Connecteur & Connecté**" (Djibouti, Connector & Connected) and "**Djibouti Digital**" (Digital Djibouti).

This strategy led to its investment in the AAE-1 and SMW-5 intercontinental cable projects in 2016. However, an investment of this magnitude only becomes profitable when it responds not only to the Republic of Djibouti's needs but also demand from countries beyond its borders and throughout the region, in the Horn of Africa (Ethiopia, Somalia, Eritrea), East Africa (Kenya, Tanzania), the Great Lakes countries (Rwanda, Burundi, Democratic Republic of Congo), and the Indian Ocean countries (Madagascar, Seychelles, Comoros, Mauritius and even the Mascarene Islands).

Djibouti's ambition to become a **regional telecommunications hub** is not new. It has already deployed the EASSy cable traffic to the Djibouti landing station which, because of numerous international submarine cables, is extremely well connected.

The incumbent's plans kindle ambitions well beyond this market and it is seeking



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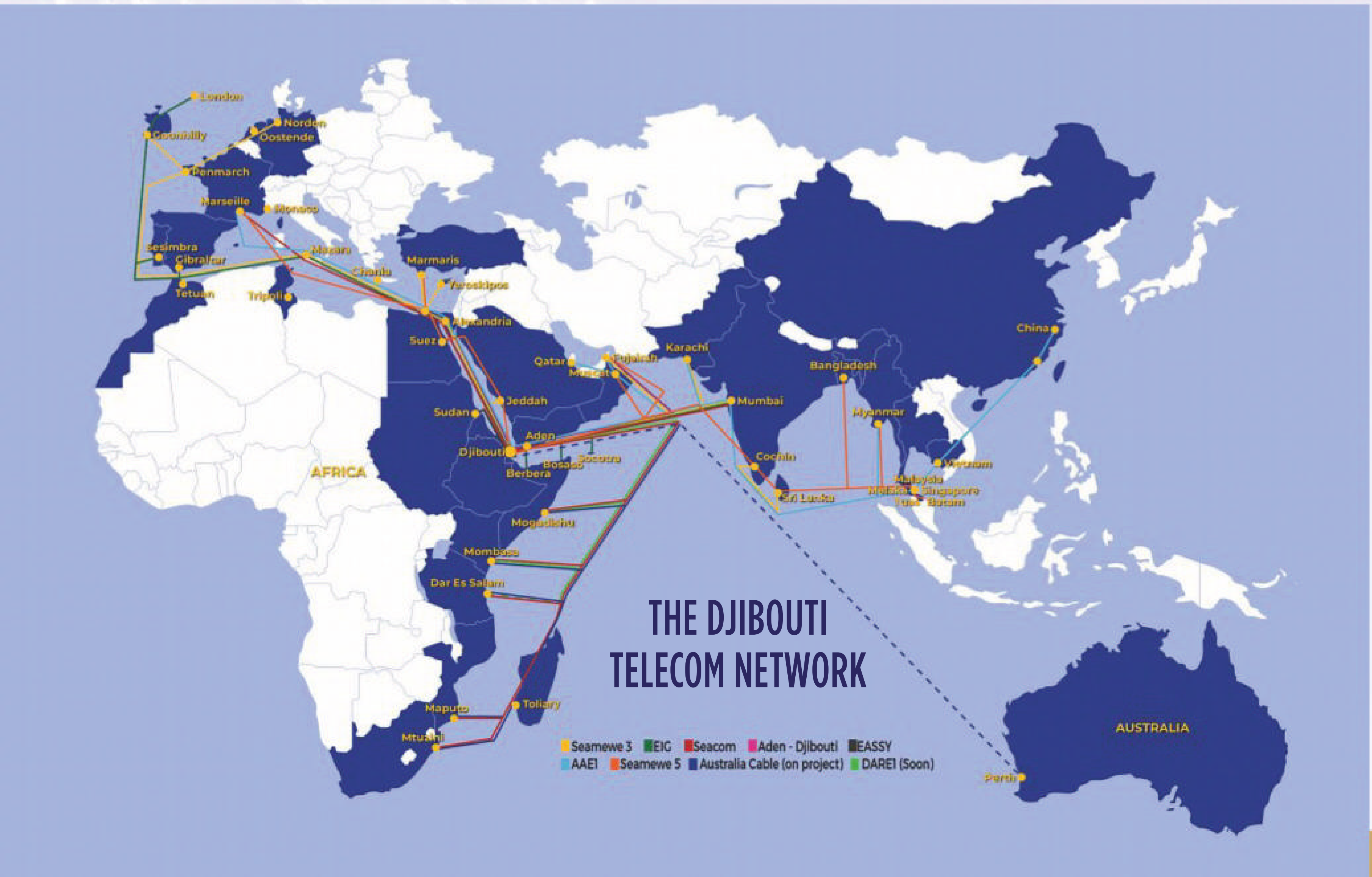
Closer to you every day

to become known as an international connectivity operator, a player capable of connecting various regions around the world. Djibouti has become a landing point for global undersea cables, thus making it "**one of the best connected countries in the world in terms of per capita density**". This increasing scope is due to its geostrategic position, located in the Horn of Africa, at the mouth of the Red Sea, in the Strait of Bab El-Mandeb, an essential maritime traffic and international trade route.

DJIBOUTI TELECOM has strived to position the country as a telecom hub for East Africa and to enable operators in the region to interconnect with other parts of the world. Offering a wide variety of services and a multitude of undersea and terrestrial cables crossing the country, it is already well-positioned to make the most of this opportunity. Consolidating these projects will allow DJIBOUTI TELECOM to take greater advantage of Djibouti's strategic coastal position in the Horn of Africa, just 30 km from the Middle East and the mouth of the Red Sea and close to the main shipping lanes linking Europe and Asia. This perfectly positions it as a gateway to markets in the Middle East, Asia, and as an ideal entry point into East Africa.

The country is already recognised as one of the most advanced international telecommunications markets in Africa, with seven existing submarine cables linking Africa to Asia, the Middle East and Europe – namely EASSy, EIG, SEACOM, Sea-Me-We 3, Sea-Me-We 5, AAE-1, and Aden Djibouti.

This means that the company can provide a high level of service delivery and cable latency, plus the ability to offer high quality connectivity in Africa, the Middle East, Asia and Europe. Currently, over 90 operators, including more than 25 East African operators, transit through the company's IP/Internet nodes in Djibouti.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Maputo
Mtuzini
AUSTRALIA
Perth
Seamewe 3
EIG
Seacom
Aden - Djibouti
EASSY
AAE1
Seamewe 5
Australia Cable (on project)
DARE1 (Soon)

THE DJIBOUTI TELECOM NETWORK

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DJIBOUTI TELECOM will provide high quality connectivity in East Africa.

DJIBOUTI TELECOM has also improved access to neighbouring countries such as Ethiopia and Somalia by deploying terrestrial cables linking the country to Ethiopia and northern Somalia. These links are redundant and secured by air optical links via the electricity interconnection with Ethiopia and very soon by fibre under the rails of the Djibouti-Addis Ababa railroad. “**The sharing of interconnection infrastructure between the countries of the region is essential for regional integration**” said Mohamed Assoweh Bouh.

In line with the government’s vision, in 2015 DJIBOUTI TELECOM initiated a new regional cable project called DARE-1 (Djibouti Africa Regional Express 1) with regional operators to meet growing demand and improve connectivity in East African countries and the Great Lakes region. The DARE-1 cable will connect Djibouti, Mogadishu and Bosaso in Somalia and Mombasa in Kenya in its first phase, pending its expansion to other countries in the region.

DJIBOUTI TELECOM has been able to strengthen its geostrategic position through sustained investments, thus boosting the country’s attractiveness and competitiveness as a regional digital platform. The operator has been heavily involved in the development of Data Centres, having setting up the first of these in 2013. This Tier 3 facility, located a few metres from the undersea cable landing station, houses the equipment of several global carriers such as TIS (Telecom Italia Sparkle), PCCW, TATA, Belgacom, China Telecom, China Mobile, and China Unicom, content providers such as Akamai, CloudFlare, Google, Facebook, and China Netcenter and Tier 1 IP transit providers such as Level 3 and Hurricane with whom DJIBOUTI TELECOM has concluded partnership agreements. This significant major digital player presence has enabled the national operator to expand its overall IP services offer through IP transit, capacity sales, and MPLS services, etc., which explains the scale-up of Djibouti’s Internet Exchange Point (DJIX).

This also urged the operator to commence studies for a second Tier4 Data Centre. Djibouti’s economy has performed remarkably well over the past decade, posting a growth rate of 7% in 2018. This growth is mainly driven by infrastructure modernisation to support investment policy in strategic sectors such as transport, logistics and telecommunications. As an essentially service-oriented economy, digital technology represents an opportunity to support sustainable, inclusive economic development and thus contribute to job creation. However, the telecom operator business model is under pressure from new digital players and they are now **facing competition from Internet supercompanies like GAFA.** Aware of the stakes and challenges that have to be tackled in the digital arena and the profound global transformation, DJIBOUTI TELECOM is making all the right moves to transform itself and adapt its business model and its organisational structure to the global digital ecosystem. ■

> **“Our regional development is based on the infrastructure we want to build to serve the region, mainly through undersea cable connectivity.”**
>
> **Mohamed Assoweh Bouh,**
> Managing Director of DJIBOUTI TELECOM

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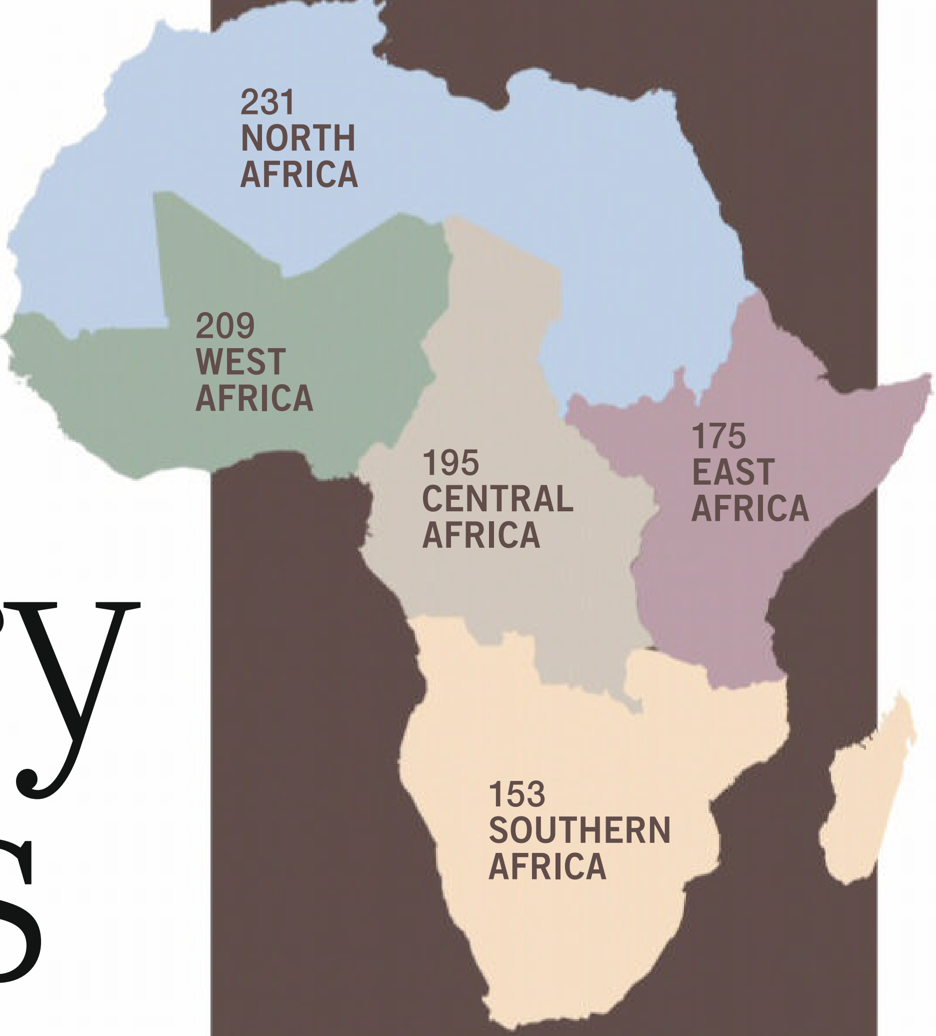

Country profiles

The year ahead holds elections to decide the future leaders of fast-growing Tanzania, Côte d'Ivoire and Ethiopia. Meanwhile, the continent's exporters of natural resources are left contemplating how to diversify ahead of the next commodities boom

By **MARSHALL VAN VALEN**

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Data Sources

Population (2019) United Nations Population Division. **Life expectancy at birth** (2018), **position on the Human Development Index** (2018), **adult literacy** (2006-2016) – United Nations Development Programme. **GDP per capita** (2019 estimate), **inflation** (2019 estimate), **GDP** (2017-2020), **GDP growth** (2017-2020) – IMF World Economic Outlook Database. **Foreign direct investment** (2018, inflows) – United Nations Conference on Trade and Development. **Last change of leader** – *The Africa Report* research.

234	Algeria
156	Angola
212	Benin
158	Botswana
213	Burkina Faso
178	Burundi
198	Cameroon
214	Cabo Verde
200	Central African Republic
201	Chad
179	Comoros
215	Côte d'Ivoire
180	Djibouti
202	DRC
235	Egypt
204	Equatorial Guinea
181	Eritrea
159	Eswatini
182	Ethiopia
205	Gabon
217	Gambia
218	Ghana
220	Guinea
221	Guinea-Bissau
184	Kenya
160	Lesotho
222	Liberia
237	Libya
161	Madagascar
162	Malawi
223	Mali
238	Mauritania
164	Mauritius
239	Morocco
166	Mozambique
167	Namibia
224	Niger
225	Nigeria
186	Rwanda
206	Rep. of Congo
207	São Tomé E Principé
227	Senegal
187	Seychelles
228	Sierra Leone
188	Somalia
168	South Africa
189	South Sudan
240	Sudan
190	Tanzania
229	Togo
241	Tunisia
192	Uganda
170	Zambia
172	Zimbabwe

Economically, policy-makers are not sure what is coming in the year ahead for Africa: many internal growth fundamentals are strong but the external environment is uncertain. The IMF predicts that African countries' growth will rise on average by 3.6% in 2020, up from 3.2% in 2019. But worries include a rise in protectionism and possible economic slowdowns in China, Europe and the United States (see pages 150-151)

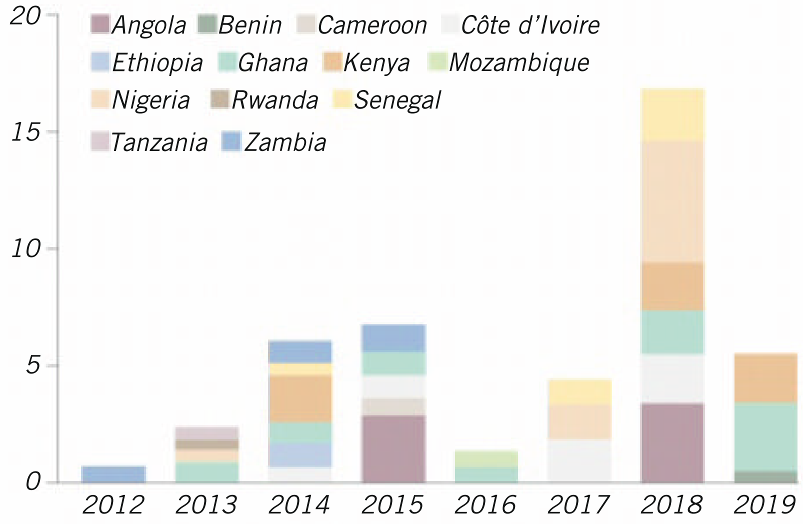
That headline number hides the divergence between Africa's natural-resource-dependent economies and its diversified ones. The IMF's October 2019 outlook said: "Growth is projected to remain strong in non-resource-intensive countries, averaging about 6%. As a result, 24 countries, home to about 500 million people, will see their per capita income rise faster than the rest of the world." Meanwhile, resource-rich countries are set to grow at just 2.5% in 2020.

The timing of reforms for resource exporters is key, with the height of the boom often the best time to make painful decisions. When diamond prices were high, Botswana saved money and pushed for more local processing jobs. And as an extreme example of what can go wrong, the Equatorial Guinean government continued building white elephant projects until it could no longer afford to. Unless there is a sudden shift in the oil market, it could take a decade or more for the economy to recover.

There are also key developments to watch in 2020 in Africa's major economies, like Nigeria, South Africa and Ethiopia. On the reform front, the Nigerian government continues to kick its problems into the future with subsidies.

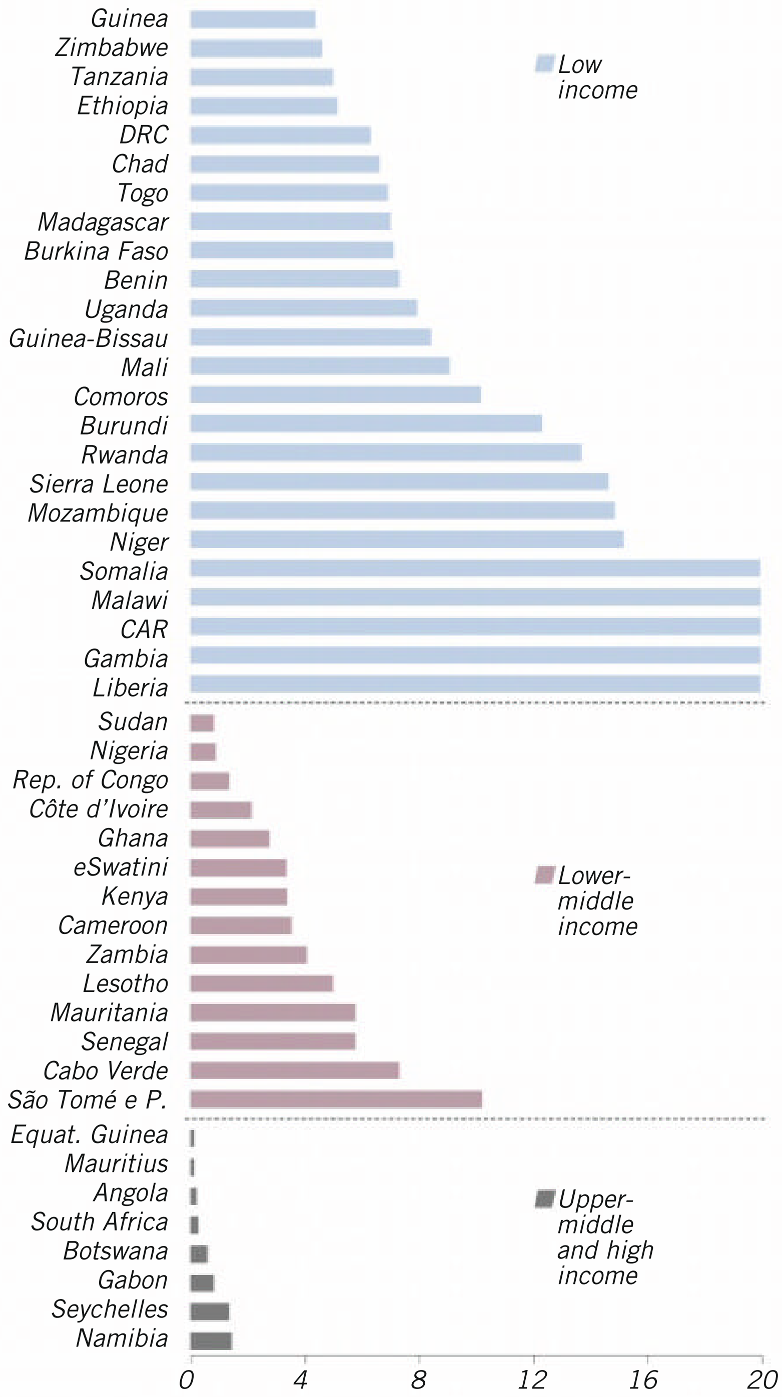
INTERNATIONAL BOND ISSUANCES IN SELECTED SUB-SAHARAN AFRICAN COUNTRIES

(global rank, $bn)



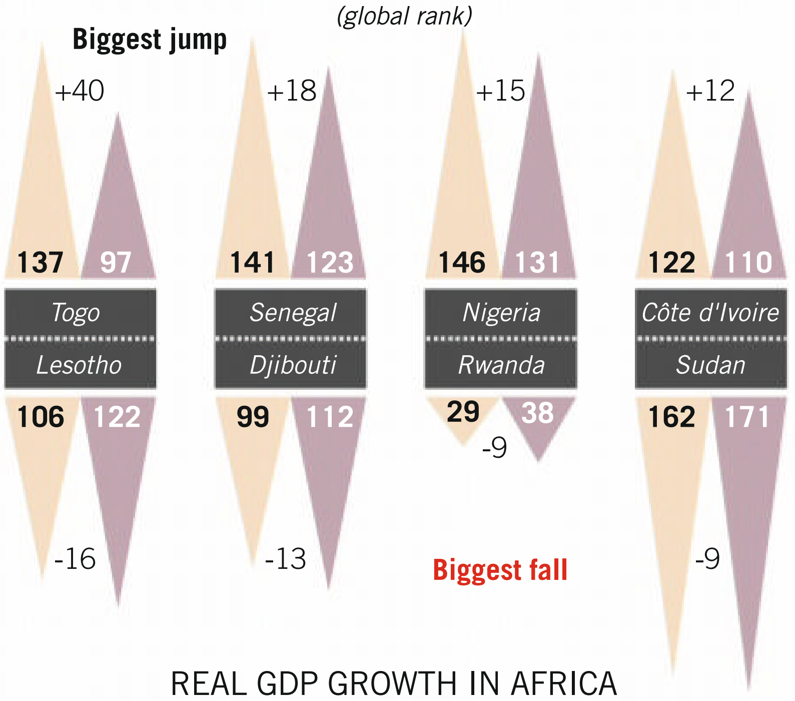
DEVELOPMENT ASSISTANCE

(2017, % of gross national income)



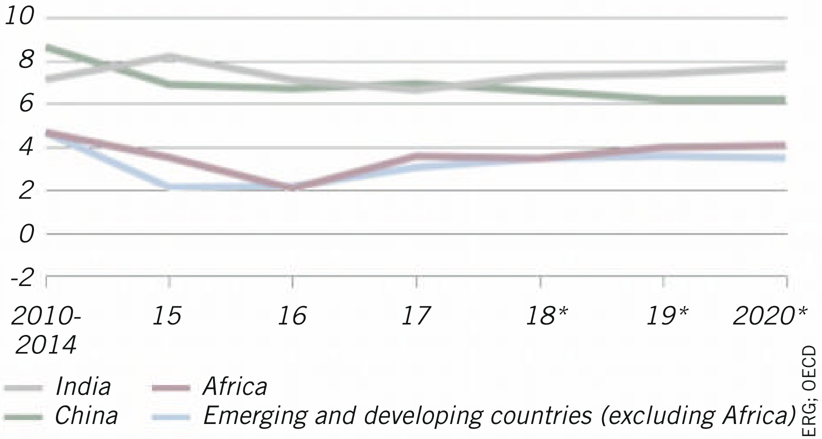
DOING BUSINESS 2019-2020

(global rank)



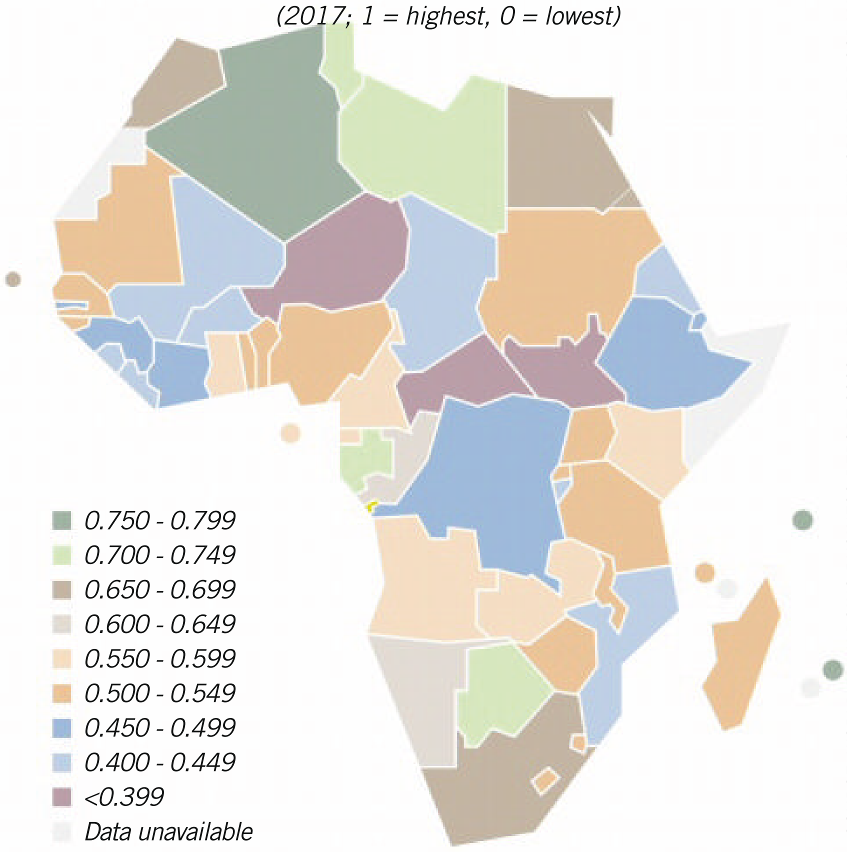
REAL GDP GROWTH IN AFRICA

(2010-2020, %)



AFRICAN COUNTRIES BY HUMAN DEVELOPMENT INDEX

(2017; 1 = highest, 0 = lowest)



SOURCE: WORLD BANK DOING BUSINESS REPORT 2020; AFDB; IMF; UN DEVELOPMENT PROGRAMME; BLOOMBERG; OECD

While petrol subsidies have fallen out of international favour as a means to help poorer populations because not targeted and often costing billions of dollars that could be spent on education, health and infrastructure, finance minister Zainab Ahmed told reporters in April: “We have to find a formula that will work for Nigeria. And until we do that, we should not be contemplating removing the subsidy.” Other economic development policies of the Muhammadu Buhari government will be put to the test in 2020 as it seeks to boost local manufacturing and agribusiness (see pages 76-84), despite electricity and public-infrastructure problems.

Different strategies

South Africa has had no recent major boom times that it could have used to turn things around: growth rates have been low for the past decade and the previous government made some problems worse. The Fees Must Fall protests have faded into the background as headlines about state capture and troubled state-owned companies grab the administration’s focus. Unemployment hit 29.1% in 2019 so the search is on for innovative policy solutions despite the emptying state coffers (see pages 16-18).

Ethiopia’s trajectory perhaps has the most risks, and it has been one of the fastest-growing African economies for several years now. Prime Minister Abiy Ahmed, the winner of the Nobel Peace Prize for his initiatives to reduce conflict in East Africa, is moving ahead with his break-neck reforms to end the ruling party’s monopoly on political power and gradually reduce the role of the state in the country’s fast-growing economy. The strong state pushed rural health initiatives, set up industrial hubs and financed the construction of technical schools. But on the downside, for example, the state-owned telecoms monopoly has lagged behind its continental peers in terms of technology and mobile-phone penetration.

The extent of the country’s economic and political liberalisation will be in the spotlight in May 2020’s legislative elections. The opening of its political space is allowing ethnicity to play a bigger role in public debates.

Reforming security services is also potentially explosive. Writing an opinion piece for Ethiopia Insight, Ahmed Mohammed argues: “Divorcing [the regional special police] from party politics is a primary requirement for a democratic transition. […] The current security structure […] is the most dangerous threat to the orderly transition.”

The opening up of the economy could also have disadvantages, so the Addis government is sizing up the huge queues of potential investors in the finance and telecoms sectors, two of the first being reformed.

Across the continent Africa’s leaders are choosing different strategies – from Egypt’s subsidy cuts to eSwatini’s splurging on luxury vehicles – to deal with today’s challenges. The year ahead will show which are prepared for tomorrow’s. ●

AFRICA IN 2020

How to keep your powder dry

Those steering Angola today have a problem: the country needs cash. After failing to diversify during the good times, they now have declining oil production and very little else happening in the economy. Legions of poorly run state-owned companies are slated for privatisation.

So how do they avoid the fate of, say, Russia? A fire sale of state assets during the 1990s created a series of oligarchs who continue to run punitive monopolies to this day.

Ideally, French economist Thomas Piketty* suggests to *The Africa Report* over a small coffee in a plastic cup at the Paris School of Economics, we would have the time to accurately log everything that is owned by the state before this process is even started. A transparent register accessible by all parties – including civil society – is a good guarantor of equitable transactions.

But Angola needs cash now, not in 24 months. What to do? How do you raise money at the bottom of the business cycle? It is just an extreme version of the problems facing many African administrations: what to do when the economic weather forces you to put out fires rather than plan for the future. Many African countries, for example, are struggling with debt overhangs. The IMF is concerned, saying 40% of African countries are "at distressed levels".

But while they will need to face their creditors, their real problems are structural: young populations filled with people who need jobs and want to be able to create businesses. They need a government that is building infrastructure and promoting industry.

That will require genuine economic diversification – a structural change away from capital-intensive commodity extraction and towards the labour intensive agribusinesses, factories and tourist lodges. And it will mean investment in education, with the Mo Ibrahim Foundation saying that while under-15s are the majority in Africa, the state of education and training has deteriorated over the past five years.

There are some good stories out there: for all the political heat and light over the next election, Côte d'Ivoire has managed to spend on its priority sectors; it has cooperated with Ghana over a potential cocoa price floor and made genuine progress in road infrastructure. It has been rewarded with sustained interest by multinationals across the construction, manufacturing and logistics sectors.

African countries need to raise money at home, but also abroad

But, for many countries, boosting education and industry will have to wait. For African countries to survive the tough economic conditions predicted next, they will need to start focusing on their income, especially tax. Nigeria will bump VAT from 5% to 7.2%. Austerity is starting to bite in Cameroon, Tunisia and Gabon, which may lead to more popular protests. Various mining taxes are also heading up, from the DRC to Tanzania to Zambia.

The governments in good shape, however, will still be able to borrow. In this new world of negative interest rates, there is plenty of money that is searching for yield. The African Trade Insurance Agency (ATI) is bringing in pension funds from the West and elsewhere who are keen to lend to African sovereigns but who are unable to because of their fiduciary rules.

And their de-risking product is doing great business, says ATI's acting CEO John Lentaigne: "We closed $1bn of such deals in 2019, and we have a pipeline for at least that again in 2020." The Japanese insurer Dai-ichi Life, for example, made its maiden investment in Côte d'Ivoire, a €50m loan to finance infrastructure.

But while there is still global liquidity for African countries to tap, the global environment is far from supportive, with the trade tension

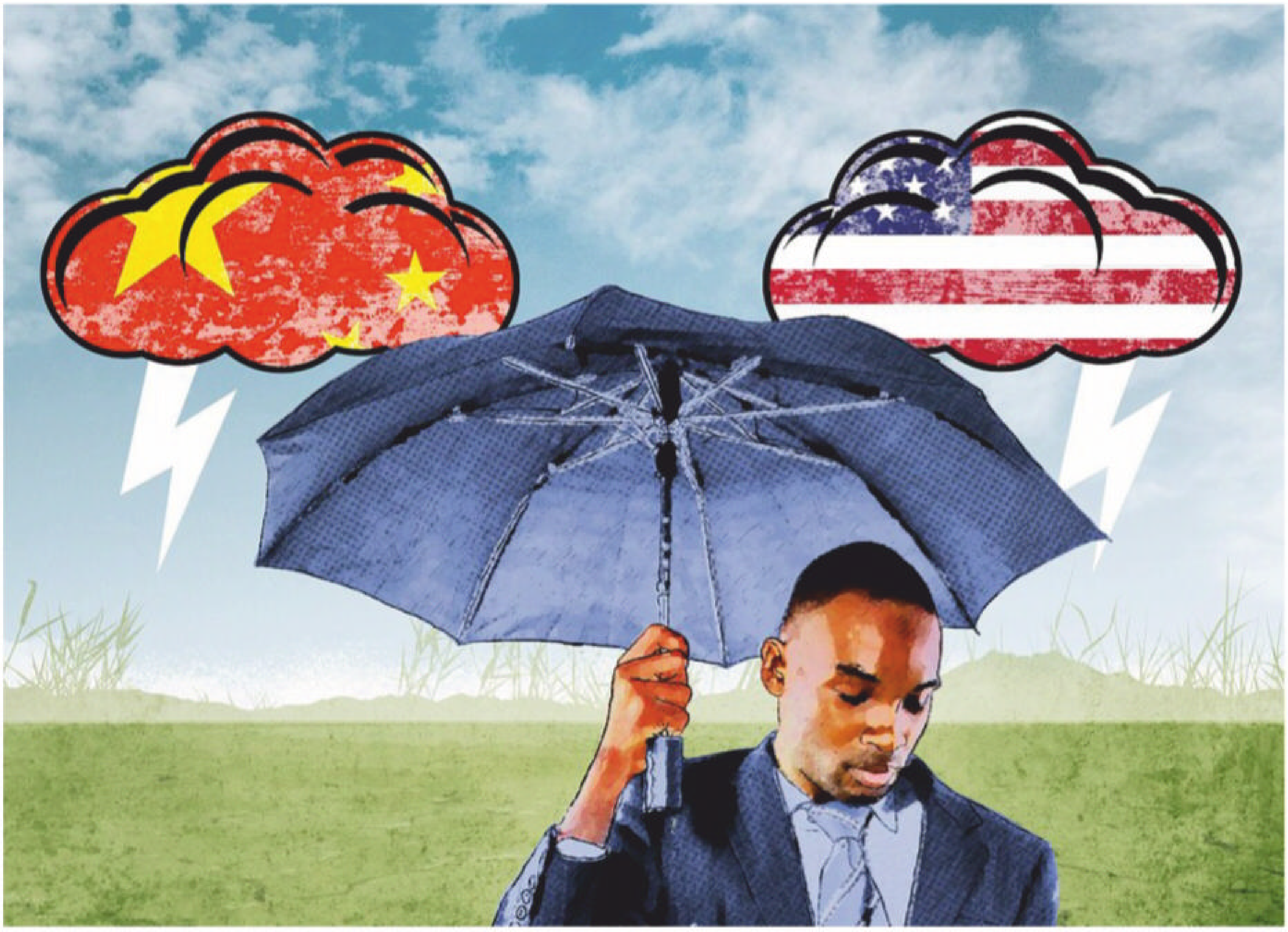


ILLUSTRATION BY RAFAEL RICOY FOR TAR

between the US and China a serious headache for everyone. And while China may start buying more citrus from South Africa than from California, a full-blown trade war is "going to be bad for Africa, whichever way you look at it", according to the former head of Goldman Sachs in Africa, Colin Coleman. A China downturn, in particular, would hit Africa hard, with much of its exports now heading east.

Meanwhile, the US economy, a locomotive in the last five years, is looking at what Credit Suisse is calling a "mini-recession". Certainly, there are warning signs. Take tech, now the leading global sector for company valuations. Some 81% of companies in the US that undertook initial public offerings in 2018 are now posting negative earnings, according to Jay Ritter from the University of Florida. That is the highest level since 2000, when the last tech bubble burst.

The world's largest hedge fund, Bridgewater Associates, has bet $1.5bn that global equity markets will fall by March 2020. Ray Dalio, the investor behind Bridgewater, has railed against the latest bubble and out-of-control budget deficits. "This set of circumstances is unsustainable and certainly can no longer be pushed as it has been pushed since 2008," Dalio said in a recent blog post. "That is why I believe that the world is approaching a big paradigm shift."

Energy may be one of the drivers of a new paradigm. Coal is becoming a harder sell. This tipping point in mentalities will boost those investing in renewable energy. Morocco's newest technologies on show in its Noor complex are attempting to crack the hard problems like what to do when the sun goes down. The $780m Noor Midelt, built by a French-led consortium, will produce energy at $0.07/kWh.

It will also boost those pushing an 'amphibian' technology to help in the transition – gas. It is dirty, but much less so than coal. Greenfield energy investments in liquefied natural gas in Nigeria, Egypt and Mozambique will surpass $100bn in 2019.

Smartphone access may well drive another paradigm shift, boosting personal and small-business productivity – or plunging swathes of people into gambling and Bulgarian mafia-linked loan sharking, depending on your level of optimism. The price of entry-level smartphones in South Africa has decreased by more than 70% since 2015, according to data from Google.

The sprint for Africa's fintech markets – with US heavyweights like Visa and Mastercard facing off with Chinese telecoms companies like Transsion (see page 68) – came alive in the last six months of the year. Companies raised nearly half a billion dollars, much of it targeting Nigeria. But with the government of President Muhammadu Buhari trying old-school tactics that create uncertainty, like closing borders (see page 76), the next global slowdown will show who has well-thought-out policies and who has saved nothing for a rainy day. ●

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*For more from Piketty and a wide-ranging investigation into the re-invention of African capitalism, don't miss TAR111.

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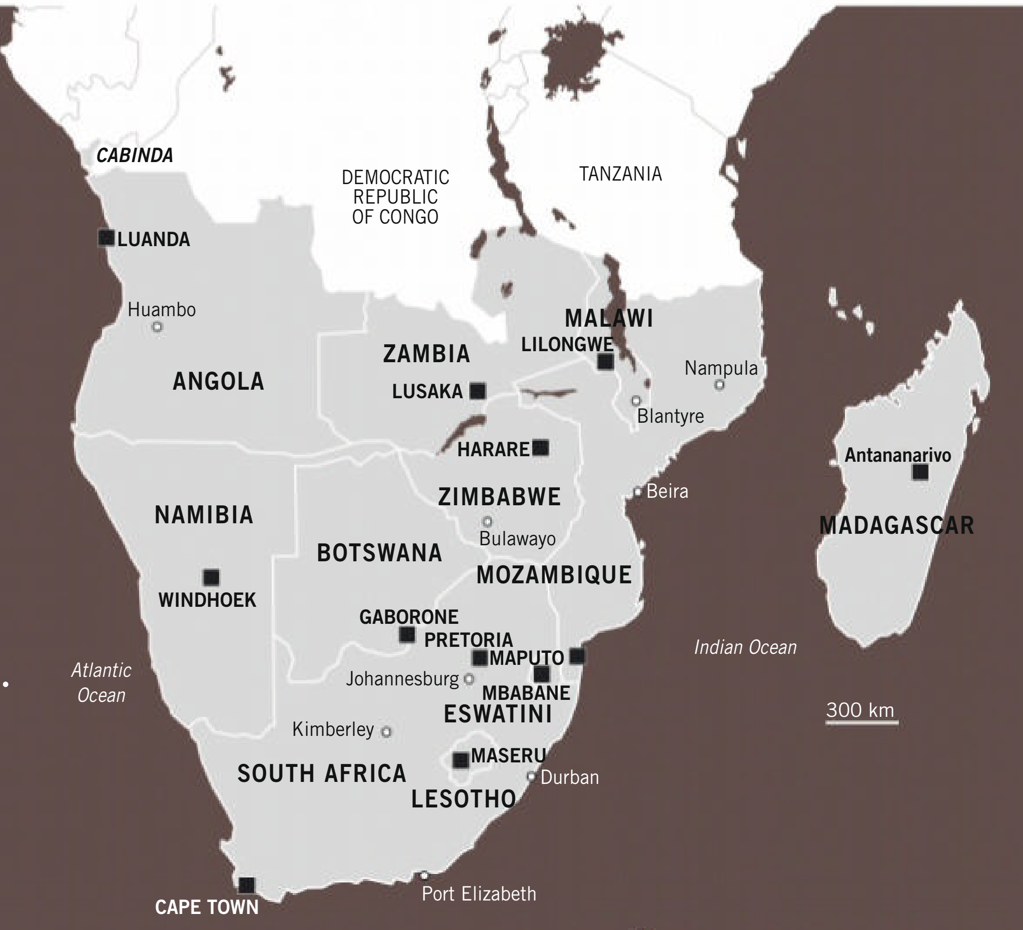
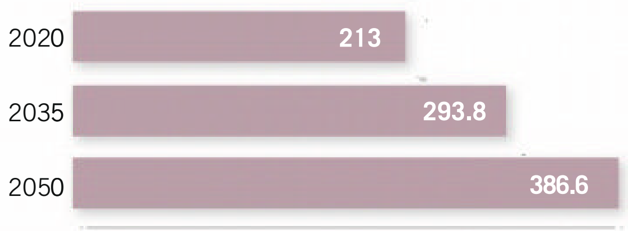
Southern Africa

Adding value to resources

From the copper of Zambia to Angola's oil and Namibia's uranium, many countries in the region are dependent on the export of unprocessed commodities. Looking for lessons on what works? Botswana and South Africa have been successful in attracting value-added processing.

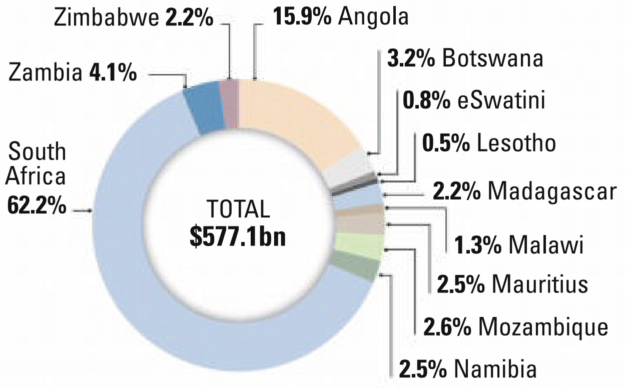

CABINDA
DEMOCRATIC REPUBLIC OF CONGO
TANZANIA
LUANDA
Huambo
ANGOLA
ZAMBIA
LUSAKA
MALAWI
LILONGWE
Nampula
Blantyre
HARARE
ZIMBABWE
Beira
Antananarivo
MADAGASCAR
NAMIBIA
BOTSWANA
Bulawayo
MOZAMBIQUE
WINDHOEK
GABORONE
PRETORIA
MAPUTO
Johannesburg
MBABANE
ESWATINI
Atlantic Ocean
Indian Ocean
300 km
Kimberley
MASERU
Durban
SOUTH AFRICA
LESOTHO
CAPE TOWN
Port Elizabeth

SOUTHERN AFRICA POPULATION
(millions)



SOURCE: UN POPULATION DIVISION

SOUTHERN AFRICA GDP (2019)
(% of regional total)



SOURCE: IMF

21 states

The Tripartite Free Trade Area (TFTA) is a new continental integration project between members of the SADC, COMESA and the EAC, expected to be operational by 2020.

154 People to watch
156 Angola
158 Botswana
159 eSwatini
160 Lesotho
161 Madagascar
162 Malawi
164 Mauritius
166 Mozambique
167 Namibia
168 South Africa
170 Zambia
172 Zimbabwe

people to watch

ZAMBIA

Kryticous Patrick Nshindano

A civil arbiter

As the country prepares for elections in 2021, the new boss of the Electoral Commission of Zambia could do a lot to reduce political tensions. The former director of the Civil Society for Poverty Reduction NGO was a bit of a surprise pick by President Edgar Lungu, who some civil society groups and the opposition have accused of using increasingly authoritarian tactics to strengthen his grip on power. Hakainde Hichilema, the leader of the United Party for National Development who was charged with treason due to his protests over the 2016 vote, has welcomed Nshindano's appointment. But he will wait to see how the commission organises voter registration, which is expected to include 50% more voters than in the last polls.

SABC NEWS/YOUTUBE

SOUTH AFRICA

Mkhuleko Hlengwa

A young gun keeps watch

The young maverick and the Inkatha Freedom Party's star parliamentarian is leading parliament's Standing Committee on Public Accounts, the legislative branch's watchdog. Upon taking up the job, at the only committee not chaired by the governing African National Congress, he explained his goals: "What we will undermine is corruption, maladministration, fraud and the total disregard for the rule of law." He plans to hold President Cyril Ramaphosa, his ministers and heads of government departments to account. Recently, he and the committee have been lighting fires under South African Airways and the Passenger Rail Agency of South Africa to improve their management and increase their transparency.

ORLANDO ALMEIDA / GLOBAL IMAGENS

ANGOLA

Vera Esperança dos Santos Daves

Financial shooting star

The 35-year-old former banker has skyrocketed into one of the most important positions that could help turn Angola's economy around. She parlayed a job in banking and some TV punditry into a seat on the Capital Markets Commission and her rise has not stopped. She is tasked with turning President João Lourenço's reform promises into concrete actions, overseeing a massive privatisation programme that she wants to leverage to strengthen the role of the private sector and reduce the influence of oil on the economy. But her focus is not only on money, as she has joined the political bureau of the ruling party.

SOUTH AFRICA

Sho Madjozi

Tough like John Cena

Starting out rapping on Instagram and launching her debut album Limpopo Champions League in 2018, the spritely Sho Madjozi is winning fans at home in South Africa, in East Africa and in the US. Her hit 'John Cena', which talks about the US wrestler, helped to boost her to viral fame. She is proud of her Tsonga – a small South African ethnic group – heritage and gives it pride of place in her music. Despite increasing xenophobia in South Africa, she raps in Kiswahili and Tsonga (and South Africans rap along with her). There are rumours that she's releasing a new album in 2020. The South African rapper has recently won the BET Awards' Viewers' Choice prize for Best New International Act and the South African Music Awards' Female Artist of the Year gong.

ALET PRETORIUS/GALLO IMAGES VIA GETTY IMAGES

ZIMBABWE

Kudakwashe Tagwirei

Trader in the crosshairs

Sakunda Holdings CEO Kudakwashe Tagwirei's relationship with the Harare authorities is on the rocks but could survive. He has been one of the closest business allies of President Emmerson Mnangagwa. Through opaque deals, Sakunda financed the government's 'Command Agriculture' programme, a key investment at a time when investors are dubious about the government's 'open for business' sloganeering. But a late 2019 intervention by the IMF – which Harare desperately wants to get onside to pay its arrears and unlock new lending – flagged the government's payments to Sakunda as suspect and damaging to government finances. The central bank then froze Sakunda's accounts, a strong sign that the relationship is going through some difficulty.

MOZAMBIQUE

Manuel Chang

Moneyman in the middle

The former finance minister of Mozambique is at the centre of legal wranglings over the country's $2bn in secret loans. There are calls from civil society for those responsible for the mess to be held accountable. Arrested in South Africa on a US warrant in December 2018, Chang is now awaiting a court ruling on whether he will be sent to the US or Mozambique, where the Maputo government says it wants to put him on trial. Chang's lawyers want him to return home, where they expect he will be judged more leniently. The secret loan saga has much more road to run, with Lebanese businessman Jean Boustani – who is on trial in New York for his involvement – having accused President Filipe Nyusi of having received kickbacks. Nyusi denies the claims.

WIKUS DE WET / AFP

CABINDA
DEMOCRATIC REPUBLIC OF CONGO
200 Km
Atlantic Ocean
LUANDA
ANGOLA
Lobito
Huambo
ZAMBIA
NAMIBIA

Angola

Time is of the essence

> Lourenço needs to convert his promise of change into concrete results

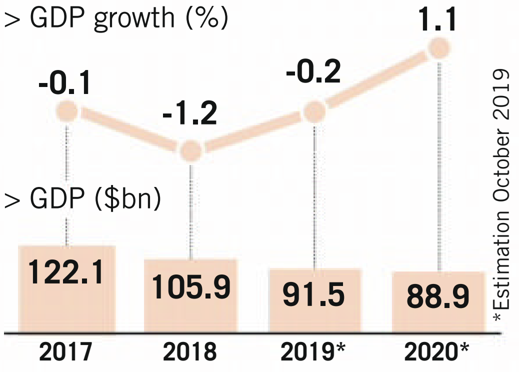
> The economy will begin growing again, but there is still much work to be done to reduce the debt burden

Since his election in 2017 and taking over the presidency of the ruling party in 2018, President João Lourenço has been launching reforms across Angola's political and economic spheres. With new elections on the not too distant horizon, Lourenço and his allies are running out of time to show the population how things are improving under his rule. He has promised to fight corruption and to create an Angolan economic miracle.

Angola, the continent's second-largest oil producer, has been in a recession since 2016 due to mismanagement and the huge fall in oil prices in 2014. The lack of growth is limiting the government's room for manoeuvre. As a sign of his desire for change, he appointed a 35-year-old woman, Vera Daves de Sousa, to the key position of finance minister, a first in the country's history.

Lourenço and his administration have launched a series of measures aimed at improving the economy. They have cancelled irregular tenders and contracts, presented a privatisation programme involving nearly 200 public companies – including the national oil company Sonangol – and introduced a value-added tax to boost the national budget. The privatisation programme, which could take several years, is due to include diamond company Endiama and the airline TAAG. The IMF welcomed these efforts in its June 2019 review, following its December 2018 agreement to provide a three-year, $3.7bn programme to the government.

- > Population: **31.8 million**
- > GDP per capita: **$3,037**
- > Life expectancy: **61.8**
- > Adult literacy: **66%**
- > Inflation: **17.2%**
- > Human development index (out of 189 countries): **147**
- > Foreign direct investment: **$-5.7bn**
- > Last change of leader: **2017**
- > GDP growth (%)



Freedom of speech

On the political and social level, Lourenço is also leaving his mark. He granted the *União Nacional para a Independência Total de Angola* (UNITA) opposition party's long-standing request to recover the remains of former charismatic leader Jonas Savimbi so that he could be buried in his native region, Bié, in central Angola. Under Laurenço the *Movimento Popular de Libertação de Angola* (MPLA) is more accepting of civil society. More free speech is allowed, and young people are increasingly demonstrating. Anti-corruption activist Rafael Marques, a bugbear of the previous regime, received the medal of merit for his involvement in "the construction of Angola".

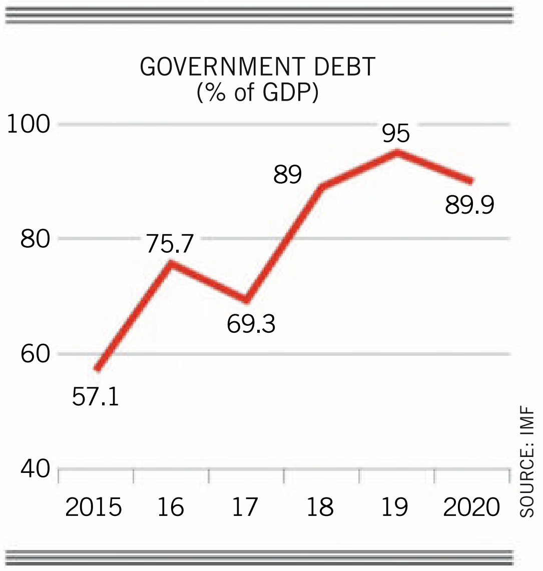
But one area where Lourenço's arrival has not changed much is in the province of Cabinda, home to a longstanding separatist movement. The Luanda administration has not taken any new steps to bring peace to the region and has continued with its predecessor's policies of a strong security presence and an iron grip, due to the huge oil fields located there. Human rights groups continue to denounce arbitrary detentions and other abuses. To address discontent in the region, Lourenço promised at a meeting in Cabinda in November 2018 to deliver on road, electricity and water infrastructure.

Municipal elections

In the meantime, the Angolan president will seek to ensure that he has a united party behind him. While he seems to have won the support of the MPLA leadership and its youth organisation, Lourenço cannot control the reactions to his anti-corruption fight. There were several clashes in 2019: Lourenço denounced destabilisation manoeuvres by the Dos Santos clan, without naming them, when members of the former president's clique deplored a "witch hunt". And things are not about to get any better (see box).

Many times announced and postponed by former president José Eduardo dos Santos, the first municipal elections in Angola's history are scheduled to be held in 2020, fulfilling one of Lourenço's election promises. However, deputies in the national assembly are far from agreeing on how the elections should be organised. The MPLA advocates a gradual approach, while UNITA favours simultaneous elections in each of the country's 164 municipalities. This will also be one of the first priorities of the new UNITA leader, Adalberto Costa Júnior, elected in November 2019 to replace Isaías Samakuva.

But those moves alone are not enough to produce deep and concrete improvements to people's lives. The majority of the population continues to live on less than $2 per day. Even though the IMF predicts that the country will return to growth in 2020, the government will have to play it tight to meet its commitments to international institutions without increasing social discontent, which is already high. In addition to stabilising the currency in order to contain double-digit inflation, it will continue to liberalise the economy by gradually ending subsidies on fuel and water.



SOURCE: IMF

Government spending will be restrained to deal with a mountain of debt. Lourenço promised to reduce public debt, currently at around 90% of GDP, to 60% by the time of the next general election in 2022. To achieve this, the government is seeking to increase its revenue, mainly from hydrocarbon exports, while reducing its expenses. There is pressure from Luanda to at least maintain the level of oil production, which is currently about 1.4m barrels per day. In order to compensate for the decline in the number of fields in operation, the government is encouraging investment in marginal fields and exploration in two new areas in the south of the country, the Benguela and Namibe basins. The contracts from a current bidding round are due to be signed in April 2020 and another round for onshore blocks is then due to be launched before the end of 2020.

Oil exploration

While Sonangol, Total and Eni have already expressed their interest, the signing of concession contracts has been announced for the end of April 2020. A consortium bringing together Sonangol and oil majors like Eni, BP, Chevron and Total is also expected to develop gas production to supply the Angola LNG plant in Soyo.

Another major project for Lourenço is economic diversification. He has made agriculture a priority, launching a plan to support producers, encouraging private investment and working on distribution channels. But to be significant, the increase in production in the first quarter of 2019 – particularly of maize, potatoes and chicken – must continue and accelerate in 2020, especially as agricultural imports are currently affected by difficulties in accessing foreign exchange. Climate change is also making production less predictable, as a drought hit in early 2019 and put 2.3 million people into food insecurity according to UNICEF.

The executive is also focusing on mining, fisheries, industry and services. To make those sectors grow, the Lourenço administration will address two related challenges: further consolidation of the banking sector, which could lead to the loss of some institutions' licences, and managing the repayment deadlines for Chinese loans contracted by his predecessor.

The government was due to announce the results of an audit of the financial sector in late 2019, with central bank governor José Massano saying that more consolidation could be on the horizon for the country's 27 banks. They have until June 2020 to show that they meet the current capital requirements. The recovery in the sector continues to be slow, with non-performing loan levels of about 30% towards the end of 2019. The government hopes that the gradual financial improvement will allow it to return to international financial markets in order to raise funds.

On the diplomatic front, Lourenço is much more active than his predecessor. He has taken steps to improve ties with France and is playing the role of mediator in conflicts in the region, particularly in the DRC. ●

Lourenço vs. Dos Santos

Relations between the current and former Angolan presidents could get worse in 2020. Tensions have been high since the transfer of power in September 2017, and João Lourenço and José Eduardo dos Santos are now in conflict. After declaring war on corruption and dismissing two children of the former president – Isabel dos Santos from the management of the national oil company, Sonangol, and José Filomeno dos Santos from the Angolan sovereign wealth fund – Lourenço launched an implicit attack on the Dos Santos clan in October.

Talking to the MPLA youth wing, he denounced destabilisation attempts coming from within the MPLA to prevent him from reforming the country. While the former head of state remains publicly silent from Barcelona, where he has been living since April, his children led the counter-attack.

His eldest daughter, Isabel, is attending international forums and conferences, deploring the difficulties of the Angolan economy. Her half-sister, Tchizé, is more direct. Sacked from her position as an MPLA MP because of a long absence abroad, she denounced the move as the "coup" of a "political executioner", describing Lourenço as a "dictator". And things are not about to get any better. José Filomeno's fraud trial, scheduled to begin on 25 September, was briefly postponed. It is now back on track and is a real *casus belli* in the eyes of his father. ●

ANGOLA
ZAMBIA
ZIMBABWE
NAMIBIA
Francistown
BOTSWANA
GABORONE
SOUTH AFRICA
200 km

Botswana

Masisi bests Khama

> The opposition failed to dislodge Masisi and the BDP in the October 2019 election
> The government's economic diversification drive is slow to produce results

The decisive victory by President Mokgweetsi Masisi's governing Botswana Democratic Party (BDP) in the 23 October 2019 election means the reforms he began after replacing Ian Khama as head of state in April 2018 are set to continue. Despite the rancorous split between Masisi and Khama, who quit the ruling party in mid-2019 to form a new party in alliance with the opposition, the BDP held on to power with 38 MPs elected out of 57. This was one more than in the previous election of 2014, with BDP winning all the seats in the capital, Gaborone, and many in southern Botswana, traditionally opposition strongholds.

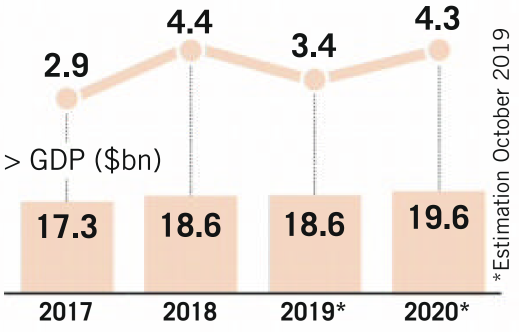
Having failed to oust Masisi, Khama could finally exit the political stage, although that is not yet certain. The opposition alliance, the Umbrella for Democratic Change (UDC), was pegged back mainly to east and north-west Botswana. It took 36% of the vote and 15 seats, two fewer than last time, although its share of the vote went up.

A combination of Masisi's populist policies and divisions within the opposition, some of whose leaders were unhappy at teaming up with Khama, were key factors in the BDP victory.

Ambitious proposals

Masisi's decision to reverse Khama's ban on hunting elephants, reduce the high levies on consumption of alcohol and dismissal of the widely feared Directorate of Intelligence and Security Services head Isaac Kgosi had generally been welcomed by Botswana.

> Population: **2.3 million**
> GDP per capita: **$7,859**
> Life expectancy: **67.6**
> Adult literacy: **ND**
> Inflation: **3%**
> Human development index (out of 189 countries): **101**
> Foreign direct investment: **$229m**
> Last change of leader: **2018**
> GDP growth (%)



Masisi promised salary increases for the army, police and prison workers, amongst others, while announcing ambitious proposals to help diversify the diamond-dependent economy and provide new jobs, for example by making the country a regional centre for the manufacture of electric vehicles.

Against expectations, Khama's Botswana Patriotic Front (BPF) won only three seats, all in the region around Serowe. He chose not to stand as an MP but had hoped his defection from the BDP would spark an exodus by supporters. The BPF's future now looks uncertain given its limited appeal. The UDC may now fall apart, especially as its president, Duma Boko, was defeated in Gaborone Bonnington North, while Alliance for Progressives (AP) leader Ndaba Gaolathe lost in Gaborone Bonnington South. Opposition disunity looks set to give Masisi an easy ride, at least to start with.

New collieries

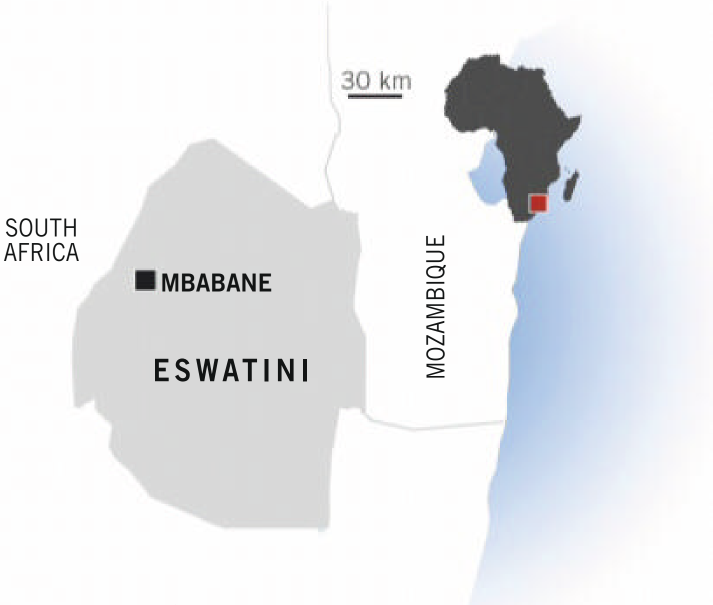
Masisi wants to break Botswana's overdependence on diamond mining. In the near term, however, diamonds will continue to be the main driver of economic growth. Production by Debswana, a 50:50 joint venture between the government and De Beers, rose by 6% to 24.1m carats in 2018, but dropped by 2% to 17.4m carats in the first nine months of 2019. Global demand for rough diamonds remains subdued due to macroeconomic uncertainty and challenges in the mid-stream of the supply chain.

The government hopes to increase its share of Botswana's diamond revenue under a new sales agreement with De Beers, the negotiation of which is likely to be completed in 2020. Gaborone has become the centre for all De Beers' final sorting operations for the mines it operates in Botswana, Namibia and South Africa.

After something of a hiatus during 2017-2018, projects to develop Botswana's large bituminous coal resources – estimated at 212bn tonnes – will pick up speed. The objective remains to develop new collieries for local and regional power supply and, ultimately, for exports.

Botswana Stock Exchange-listed Minergy Coal announced in August 2019 that its Masama coal mine exported its first saleable coal to South Africa and Namibia. Masama aims to expand production to 100,000tn per month from 2020.

The next mine into production is set to be the Mmamaboula open pit colliery – with 90m tonnes of mineable coal – owned by South Africa's Maatla Energy. ●



eSwatini

The King's country

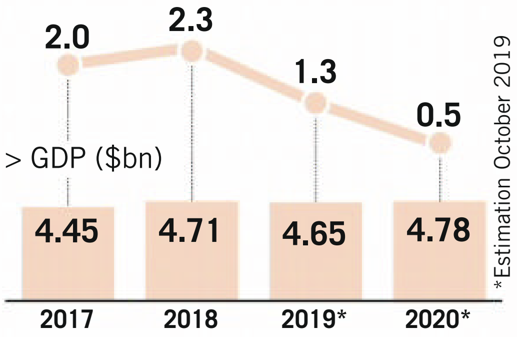
> The long-term struggle for democratisation has yet to weaken King Mswati III's powers
> The IMF says that the government is going to have to cut expenditure to improve the economy

King Mswati III shows no signs of relaxing his monopoly control of the country's politics and the monarchy's outsized role in the economy, which is going through a period of difficulty. The monarchy is resisting change and compromise for as long as possible without having to give up some of its power.

The forces of change are trying to whip up enough popular sentiment to alter the balance of power. In November 2019, the government took delivery of more than 100 luxury vehicles for the royal family, leading to an uproar from striking civil servants, the pro-democracy activists of the People's United Democratic Movement – led by Mlungisi Makhanya – and the country's unions, which are major mobilisers while many opposition groups are outlawed. At around the same time, students were carrying out protests about the poor conditions in the country's schools.

It is not clear if those groups will be able to channel that outrage into something more transformational. Pro-democracy protesters at an event in Manzini in May numbered about 3,000. The government has defended the vehicle purchases and has clamped down on protests via security forces.

> Population: **1.1 million**
> GDP per capita: **$4,176**
> Life expectancy: **58.3**
> Adult literacy: **83.1%**
> Inflation: **2.8%**
> Human development index (out of 189 countries): **144**
> Foreign direct investment: **$25m**
> Last change of leader: **1986**
> GDP growth (%)



Pressure from the street

So far, none of the countries in the region have sought to mediate in the long-running democratisation debate in eSwatini, and neither have the Southern African Development Community nor the African Union. eSwatini is Taiwan's last diplomatic ally in Africa. So it is likely that the Chinese government will up the pressure on King Mswati III to switch sides soon.

The administration is spending beyond its means, and debt levels are rising. Since 2016, the government has not adjusted to the drop in revenue from the Southern African Customs Union, which is earning less because of moves towards trade liberalisation. The IMF warns that growth will continue to slow unless the Mbabane government takes action. It has advised the government to reform troubled state-run enterprises. There needs to be more investment in telecommunications and electricity infrastructure in order to improve the business climate. But at the same time, the government has been under pressure from the street, with government workers – including nurses and teachers – demanding raises and better working conditions.

New hotels, fewer tourists

Finance minister Neal Rijkenberg has promised sweeping changes, but the government has been slow in delivering them. The administration has cut expenditure on some items like first-class travel for government ministers. Rijkenberg says that his focus will be on improving the climate for private businesses in order to generate more tax revenue and create more jobs. His criticism of the state's role in the economy, however, does not seem to have the backing of the King. Rijkenberg is promoting agriculture and mining as important sectors for economic diversification.

Tourism is important to the economy, and the government is spending on new hotels and conference centres. It reported a 5.1% drop in arrivals to 1.3 million in 2018, however, with the biggest fall in visitors from Europe. The finance ministry says the government should work with private companies to promote the country's protected areas as tourism destinations.

The government also wants to cut down on electricity imports. It is evaluating bids for projects to generate 40MW from solar plants in 2020 and 40MW from biomass projects in 2021. Most of eSwatini's electricity comes from South Africa's poor-performing public utility Eskom.

The country has high levels of poverty, youth unemployment and HIV/AIDS infections. Agriculture employs many citizens, but the World Food Programme says that eSwatini's average yields are lower than peer countries due to droughts and the lack of investment in the sector. About 15% of the national population suffered from food insecurity in 2018. •

30 km
SOUTH AFRICA
MASERU
LESOTHO
SOUTH AFRICA

Lesotho

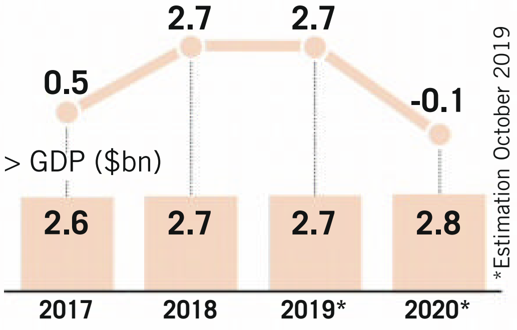
Unstable alliances

> Premier Thabane's government has frozen parliament out of fear of a vote of no confidence
> The medical cannabis industry is booming since its legalisation in 2017

The bad old days of instability are back in Lesotho. The prime minister Tom Thabane suspended parliament in June and has refused to reconvene it as he deals with infighting in his All Basotho Convention (ABC). South Africa's President Cyril Ramaphosa is the Southern African Development Community's (SADC) mediator in Lesotho's long-running crises, and his July deal to get much-needed constitutional, security and other reforms moving had no immediate impact. Meanwhile, the weak political coalitions and mistrust between civilian leaders and the security forces that once led Thabane into exile are again causing instability.

Thabane closed down parliament after an ABC member launched a vote of no confidence in his rule. The ABC's old national executive committee did not want to hand over to the new one in February and party cadres openly complained about the influence of Thabane's wife, Maesaiah Thabane, in politics. The ABC has 53 seats out of 120 in the national assembly and governs in a coalition with the Alliance of Democrats led by deputy prime minister Monyane Moleleki, the Basotho National Party led by Thesele Maseribane and the Reformed Congress of Lesotho led by Keketso Rantšo. Those parties too have been weakened by internal squabbling.

- > Population: **2.1 million**
- > GDP per capita: **$1,338**
- > Life expectancy: **54.6**
- > Adult literacy: **76.6%**
- > Inflation: **5.9%**
- > Human development index (out of 189 countries): **159**
- > Foreign direct investment: **$39m**
- > Last change of leader: **2017**
- > GDP growth (%)



Security reforms

Thabane could call for fresh elections – which opposition parties want – or seek to reopen parliament solely to try to vote through the creation of the National Legislative Reform Authority, which is due to implement the reforms agreed through SADC mediation. Another possibility under discussion is a government of national unity with the opposition. But there are disagreements about how to reform the security sector, with some calling for the release of former army commander Tlali Kamoli from prison. With tensions high between defence minister Tefo Mapesela and Lesotho Defence Force commander Lieutenant General Mojalefa Letsoela, Kamoli's release seems unlikely.

The Democratic Congress, led by Mathibeli Mokhothu, and the Movement for Economic Change led by Selibe Mochoboroane are the two opposition parties which seem to be gathering support amongst the dysfunction.

Lesotho's opaque politics are spilling over into the economy. The government's debt levels are rising steadily. Some normalcy should return to the wool and mohair industries, which are responsible for Lesotho's top agricultural export. The government banned the selling of wool and mohair through South Africa and gave a monopoly to Chinese investor Guohui Shi. Farmers protested, saying that they were not paid or were underpaid, creating serious disruptions to the sector. Lesotho typically accounts for more than 15% of global mohair supplies.

Roads, factories and marijuana

The economy is expected to grow weakly in 2019 and 2020 after a contraction in 2018. Two growth drivers are the construction sector and the medical cannabis industry, which was legalised in February 2017. Companies from the US and Canada are the biggest investors in the burgeoning marijuana business. Notable construction projects include the Tikoe and Belo industrial estates, the Mpiti-Sehlabathebe and Marakabei-Monontša roads, and the second phase of the Lesotho Highlands Water Project.

With the country dependent on electricity imports to meet about 50% of domestic demand – the rest comes from the Muela hydropower station – the Lesotho authorities say they need to invest in transmission lines for mining and cannabis projects while expanding production. They signed a deal for an 80MW solar independent power project and say that there are plans for more solar and wind projects.

The government wants to encourage more investment in mining activities by supporting existing projects and pushing for more exploration. In October, it renewed the licence for London-listed Gem Diamonds' flagship Letseng mine for an additional 10 years. •

COMOROS
ANTANANARIVO
Toamasina
Indian Ocean
MADAGASCAR
MAURITIUS
REUNION (France)
300 km

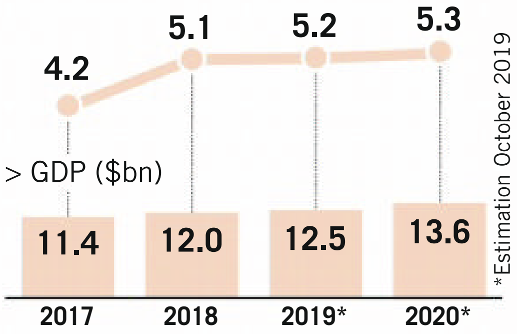
Madagascar

A new start for Rajoelina

> The country is turning a page on its recent political instability
> Electricity projects and tourism are expected to strengthen the economy

After winning the January 2019 presidential election with 55.66% of the vote, Andry Rajoelina is expected to continue stabilising the country's political and economic life, which is recovering from the national political crisis that started in 2009. He benefits from the parliamentary stability that his predecessor, Hery Rajaonarimampianina, lacked. Rajoelina's party won an absolute majority in the May 2019 legislative elections, when his party took 84 of the 151 seats. The very high abstention rates during the presidentials (less than one in two voters in the second round) and legislatives (60%) shows the Malagasy people's disengagement from their leaders.

> Population: **27 million**
> GDP per capita: **$463**
> Life expectancy: **66.3**
> Adult literacy: **71.6%**
> Inflation: **6.7%**
> Human development index (out of 189 countries): **161**
> Foreign direct investment: **$349m**
> Last change of leader: **2019**
> GDP growth (%)



Defeated at the presidential polls, former president Marc Ravalomanana intends to continue to play his role as an oppositionist. With 16 deputies (compared with a bloc of 46 independents), Ravalomanana's *Tiako i Madagasikara* is the de facto leader of the opposition in the national assembly.

To the surprise of many, Ravalomanana decided not to run for the 27 November municipal elections, despite the importance of the mayor's seat in the capital, Antananarivo. He says that he wants to maintain his focus on holding the presidency to account.

Zero-tolerance policy

Rajoelina's campaign promises are explained in his Initiative Emergence Madagascar programme. Improving health infrastructure is a major challenge, and a measles outbreak in early 2019 killed more than 1,200 people.

He plans to establish a policy of zero tolerance towards corruption, to double electricity production and to increase the resources devoted to the security forces. One project that will help to boost electricity levels is the construction of the Sahofika Dam, which is set to add 200MW to the national grid by 2024.

Other goals include tackling the impunity of rosewood traffickers, resolving the crisis affecting the national water and electricity company Jirama and reviving a promising but still fragile tourism sector. International hotel brand Radisson has plans to open two hotels and an apartment complex in Antananarivo in 2020. Tourism arrivals hit a peak of nearly 400,000 people in 2008 and have yet to recover to that level.

The country has good economic momentum, boosted by the private sector. At the end of 2019, the current financial agreement between Madagascar and the International Monetary Fund (IMF) will come to an end. Rajoelina's ability to reassure investors will in part depend on signing up to a new IMF programme. The IMF is insisting, however, that the government improve local tax collection so that it can spend more on infrastructure and social programmes.

Port expansion programme

The government is banking on an uptick in mining activity, as much of the country's territory is largely unexplored for minerals. The Ambatovy nickel project, part-owned by Japan's Sumitomo Corporation, has continued to disappoint and the firm recorded a $647m loss in October.

In other mining sectors, Australia's BlackEarth Minerals plans to complete the feasibility study for its Maniry graphite project in 2020, with production possibly to start in 2021. Meanwhile, Base Resources is set to take its final investment decision on the Toliara mineral sands project in 2020. To deal with more trading traffic, the main port at Toamasina is now undergoing an expansion programme that is due to be completed by 2026. The goal of the Japan-backed project is to double the port's throughput capacity.

Rajoelina met his French counterpart Emmanuel Macron during a visit to Paris at the end of May. At the meeting, they agreed to set up a joint commission to resolve the dispute between the two states over the Scattered Islands. Macron and Rajoelina hope to find a solution during the year ahead. •

150 km
TANZANIA
ZAMBIA
Lake Malawi
MALAWI
LILONGWE
MOZAMBIQUE
MOZAMBIQUE
Blantyre

Malawi

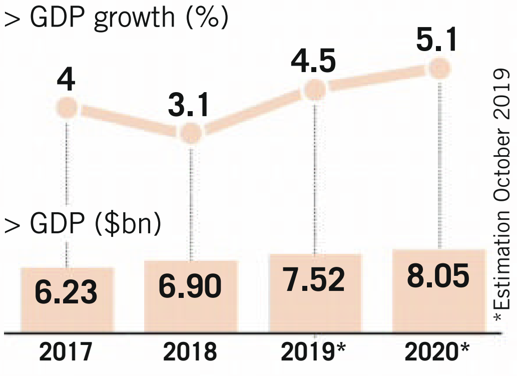
Troubled times ahead

> The president has not reacted swiftly to post-election protests
> Better agricultural prospects are helping the economy to grow

The disputed May 2019 presidential elections are set to cast a long shadow. Protests – at times violent – have continued since then as the opposition seeks to force the government to negotiate. The protests have been strongest in opposition strongholds in the northern and central region of Malawi. It is not known when the constitutional court will deliver its ruling, but it could be as late as August 2020.

International observers ruled that the polls were free and fair, so the opposition's chances of overturning the vote seem slim. Former president Bakili Muluzi and some civil society groups have sought to play a mediating role but have yet been unable to achieve compromise between the two sides.

- > Population: **18.6 million**
- > GDP per capita: **$370**
- > Life expectancy: **63.7**
- > Adult literacy: **62.1%**
- > Inflation: **8.8%**
- > Human development index (out of 189 countries): **171**
- > Foreign direct investment: **$102m**
- > Last change of leader: **2014**
- > GDP growth (%)



President Peter Mutharika, known for his slow decision-making and his ambition to turn Malawi into a country like Singapore, won re-election in a tightly run race. The leader of the governing Democratic Progressive Party (DPP) secured 38.6% while Lazarus Chakwera of the Malawi Congress Party (MCP) got 35.4% – a difference of about 59,000 votes. Saulos Chilima, who was Mutharika's deputy and campaigned on an anti-corruption platform, won 20.2% backing. Chakwera and Chilima continue to attack Mutharika on his governance, and want Malawi Electoral Commission boss Jane Ansah to be sacked.

Rallying MPs

Because of the split vote, the DPP took just 65 seats in the 193-seat national assembly, followed by the MCP with 55 and independents with another 55. Chilima's United Transformation Movement took just four seats. That leaves the opposition with enough power to trouble the DPP's legislative agenda, if it can rally enough independent members of parliament. The MCP is planning to boycott parliament until the courts rule on its electoral challenge.

In terms of diplomacy, Malawi's border dispute with Tanzania is one of the country's top concerns. Despite years of discussions about seeking a mediated solution, there does not seem to be a resolution on the horizon.

Mutharika's agenda for the year ahead is largely focused on the economy. The country is dependent on rain-fed agriculture, with tobacco the country's top export and maize its most important staple crop. Malawi was due to produce 206.9m kilogrammes in 2019, up from 202m in 2018. In terms of agricultural diversification, the government is pushing for more cotton and legume production.

Cyclone aftermath

Education, infrastructure and diversification are some of the Mutharika government's main policy priorities. But it has a three-year International Monetary Fund programme in train due to high public debt and deficits, which will constrain its ability to spend.

Despite the devastation from March 2019's Cyclone Idai, which made many people dependent on food aid, the economy is on a short-term growth spurt. Maize production was predicted to hit 3.4m tonnes in 2019, representing 25.7% year-on-year growth. Rice and cotton predictions were for growth of 19.5% and 35.3%, respectively.

Irrigation is being rolled out to fight the reliance on unpredictable rain patterns. Funding from the World Bank is supporting the Greenbelt Initiative, which will cover 4,000ha on the banks of the Shire River.

Improving the power supply, which is currently based mainly on hydroelectricity, has been a challenge. Malawi has been importing power from Zambia since late 2018. Construction of the 300MW Kam'mwamba coal-fired facility is expected to pick up in 2020 and finish off in 2021. The country produces 350MW and is seeking to raise its generation capacity to 720MW by 2020 and to 1,000MW by 2023.

Mining projects are a potential source of diversification, but the government says that the post-election troubles have reduced investor interest. Canadian firm Mkango is working on its feasibility study for the Songwe Hill rare earths project. It is looking for investors for its Thambani uranium, tantalum and niobium project. ●

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Mauritius

Pravind wins big at the polls

> Legislative elections were due to be held in December 2019
> The EU removed Mauritius from its 'grey list' of tax havens in October

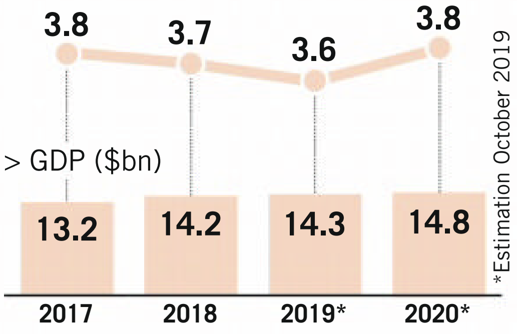
With the popular mandate he sought, Prime Minister Pravind Jugnauth and the governing *Alliance Morisien* can now continue with their goal of making Mauritius a high-income country. On 7 November, Jugnauth and his supporters took 42 out of 70 seats in the national assembly, having previously relied on coalition partners. Since Jugnauth succeeded his father, Anerood, as prime minister in January 2017 after the latter resigned, the opposition had been calling for new elections.

The *Alliance Nationale*, led by former prime minister Navin Ramgoolam, and Paul Bérenger's Mauritian Militant Movement conceded defeat. Their attacks on government corruption did not win much popular support.

Jugnauth's government was boosted by the October 2019 inauguration of the first section of the tramway line linking Port-Louis to Rose Hill. His government has also introduced a minimum wage and raised the payouts for old-age pensions.

Nonetheless, the new government will be confronted with the high social expectations of Mauritians, with a growing fringe demanding a better distribution of the fruits of economic growth. "Despite the economic growth your country has experienced in recent decades, it is young people who suffer most, who feel the most unemployment," Pope Francis warned during his visit to Mauritius in September. The Jugnauth government has promised to strengthen the country's social welfare system.

> Population: **1.3 million**
> GDP per capita: **$11,360**
> Life expectancy: **74.9**
> Adult literacy: **92.7%**
> Inflation: **0.9%**
> Human development index (out of 189 countries): **65**
> Foreign direct investment: **$372m**
> Last change of leader: **2017**
> GDP growth (%)



Shades of grey

Concerns about the environment are on the rise, with Mauritius vulnerable to increasingly destructive tropical storms. "A large part of the population and productive assets are exposed to multiple risks induced by cyclones," the World Bank says.

The overall economic situation is welcomed by the World Bank's 2019 Doing Business report, which ranks Mauritius as the leading country on the continent for ease of doing business and 20th in the world. The institution praised the country's business climate for setting up new companies, and its tax system.

But Mauritius has been criticised for its role as a tax haven. The EU put it on its 'grey list' in 2017, but upgraded it to the white list in October 2019 – a move that reduces pressure on the government but was lambasted by transparency campaigners. In July, its tax system made headlines in the press after the International Consortium of Investigative Journalists' 'Mauritius Leaks', showed how multinationals are using Mauritius to reduce their tax bill in African countries where they operate. Double taxation avoidance agreements with Mauritius that deprive African governments of much-needed revenue have since been denounced by several countries, including Senegal. The government is now supporting the growth of the fintech ecosystem to diversify the finance sector as Mauritian companies continue with their expansions away from the competitive home market.

The Chagos challenge

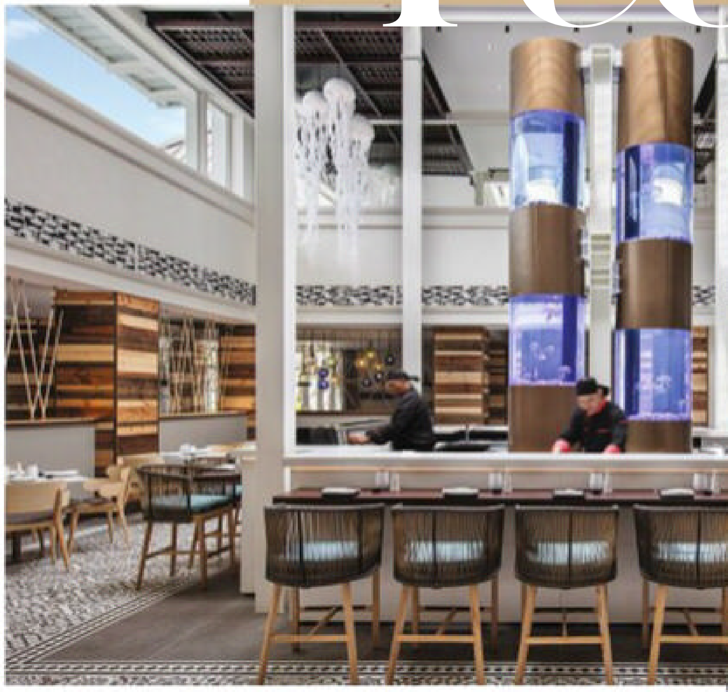
Tourism is another important sector that is growing. In 2018, the number of tourist arrivals rose by 4.3% to 1.4 million. Much of the growth came from Germany and South Africa.

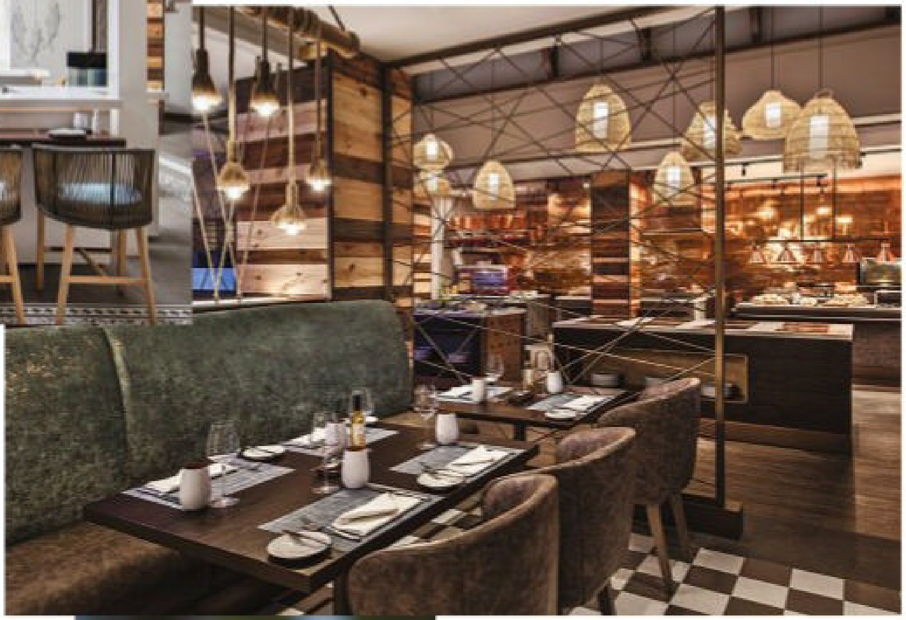
To keep Mauritius on its current growth path, the government is focusing on diversification. The 'blue economy' has good potential. Seychelles and Mauritius also have a joint management area of oil blocks and plan to look for bidders soon.

Mauritius became the first African country to sign a free trade deal with China, in October 2019. The agreement gives Mauritius duty-free access to 8,547 products and covers more than 40 service sectors.

The new administration will have to manage several difficult issues, including the Chagos Archipelago. In May 2019, the UK suffered a setback at the UN General Assembly, where countries asked it, in a non-binding resolution, to return this archipelago, home to a British-American base, to Mauritius by the end of the year. •

Back for real





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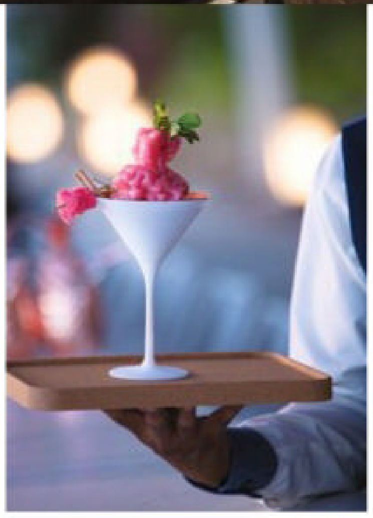

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Nyusi's last stand

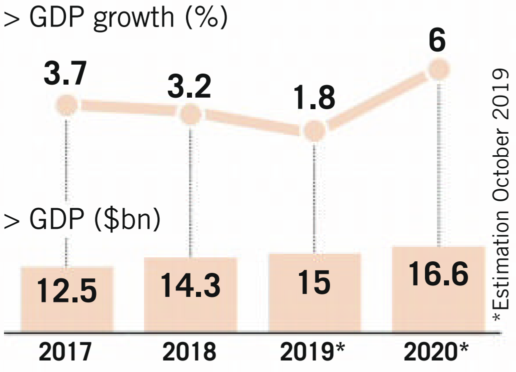
> The Frelimo government and the Renamo opposition remain in conflict
> The exploitation of natural gas reserves will be a major driver of growth in the years to come

Having won re-election in October 2019, President Filipe Nyusi has a lot to do to turn around an economy weighed down by $2bn in hidden debt dating back to 2016. It was an unsurprising victory for the ruling *Frente de Libertação de Moçambique* (Frelimo), which has been running the country since 1975. The party had been weakened by Mozambique's economic woes and Nyusi was elected with just 57% in 2014, but he returned to his party's historical scores this time with nearly 73% of the votes.

Nyusi will continue to use the powers of incumbency and control of state resources to limit the reach of the opposition. The rebel-group-turned-opposition-party *Resistência Nacional de Moçambicana* (Renamo) criticised the management of the 2019 electoral process. Renamo candidate Ossufo Momade received 22% of the vote and rejected the outcome of the 15 October election. Suspicions of massive fraud weighed on the ruling party throughout the campaign, which was also marked by violent incidents.

Despite a peace agreement signed on 1 August 2019 sealing the end of hostilities between Frelimo and Renamo, the former rebels may still engage in armed conflict. A Renamo dissident group refuses to recognise Momade's legitimacy. It carried out several attacks on the eve of the presidential election and may continue to cause unrest in the central part of the country.

> Population: **30.4 million**
> GDP per capita: **$484**
> Life expectancy: **58.9**
> Adult literacy: **50.6%**
> Inflation: **5.6%**
> Human development index (out of 189 countries): **180**
> Foreign direct investment: **$2.7bn**
> Last change of leader: **2015**
> GDP growth (%)



Renegotiated loan

The government is still dealing with the impact of the $2bn borrowed by state companies under opaque circumstances. The revelation led to the withdrawal of IMF and World Bank assistance, pushing the country into an unprecedented crisis. The government has since managed to renegotiate the terms of its loan with some of its creditors, but is still in default on part of its debt.

Economic growth slowed from 2017 to 2019, and the IMF is predicting a solid rebound in 2020. The climate played a role in the downturn, with the northern part of the country battered by two cyclones in early 2019.

The Frelimo administration intends to capitalise on the discovery between 2010 and 2013 of huge offshore gas reserves in the Cabo Delgado region, located in the north-east of the country. These natural gas resources could generate $1.5bn in revenue per year by 2023. The government hopes that this has piqued investor interest and plans to launch a new oil and gas bidding round in 2020.

No punishment for big players

Mining is in the midst of a downturn. Graphite-focused Syrah Resources announced late in 2019 that it is reducing the number of its staff and seeking other cost-cutting measures to cope with a dip in demand. But Ncondezi Energy and its partner China Machinery Engineering Corporation have big plans for a coal mine and power project that could produce 1,800MW. Donors are funding the new electricity interconnection between Mozambique and Malawi, which will allow the Maputo government to export excess supplies.

The fraudulent loans also weigh politically on Nyusi's mandate, as he was part of the government of Armando Guebuza at the time. So far, none of the major players have been punished for their involvement. At the end of 2019, the trial of the Lebanese businessman Jean Boustani began. He is accused by the US courts of being one of the prime movers behind the financial package that allowed Mozambique to illegally borrow $2bn. Will 2020 see the extradition – requested by Washington and Maputo – of former finance minister Manuel Chang, now exiled in South Africa?

Security remains a major challenge. For the past two years, Cabo Delgado has been shaken by recurrent attacks from a jihadist insurgency. They have caused the deaths of several hundred people since the end of 2017. The Islamic State rebels claimed responsibility for some of the violence in 2019. Jihadists have also repeatedly attacked convoys of foreign companies, leading multinationals to use private security companies to protect their employees. ●

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Walvis Bay
SOUTH AFRICA
300 km

Namibia

SWAPO stays the course

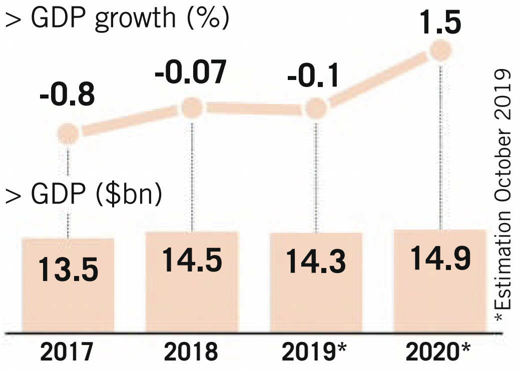
> The opposition made progress in the November 2019 elections
> Economic reforms are on the horizon to help turn around the economy

No threats to political stability are in prospect for 2020. President Hage Geingob, 78, and the governing South West African Peoples' Organisation (SWAPO) won the 27 November presidential and national assembly elections but by substantially-reduced margins. Voter discontent over the protracted drought, the economy's weak state, coupled with resentment at continued corruption and slow land redistribution, led to Namibia's first independent presidential candidate, Panduleni Itula, a SWAPO member opposed to Geingob,coming in second with 29% of the vote. Geingob's plurality fell to 56%, the lowest ever for a SWAPO candidate. SWAPO also lost its two-thirds parliamentary majority, meaning it cannot amend the constitution without opposition backing.

SWAPO vice-president and deputy prime minister Netumbo Nandi-Ndaitwah remains in pole position to succeed Geingob as SWAPO presidential candidate in the 2024 election. She, rather than the vice-president, Nangolo Mbumba, would likely take over should Geingob step down before then.

Politically contentious reforms that were put on hold, such as cutting back the civil service and ending subsidised loss-making parastatals, may be more difficult to implement as the government bids to recover Namibia's investment-grade credit rating.

- > Population: **2.5 million**
- > GDP per capita: **$5,842**
- > Life expectancy: **64.9**
- > Adult literacy: **88.3%**
- > Inflation: **4.8%**
- > Human development index (out of 189 countries): **129**
- > Foreign direct investment: **$196m**
- > Last change of leader: **2015**



Land pressure

It will also come under growing pressure to speed up land redistribution – the government has largely failed to implement reforms agreed at the 2018 land conference – because taking over private farmland without just compensation would contravene the constitution.

Geingob declared a state of emergency in May 2019 regarding the drought, with over 700,000 registered for food aid. He also described the rapid growth of informal settlements, especially near Windhoek and other towns, as a humanitarian emergency.

There will be continued pressure on the government to roll-out wide-ranging, growth-enhancing measures to revive the economy and increase job opportunities. Namibia has been advised by the IMF and ratings agencies to continue fiscal consolidation to reduce the budget deficit and restrain the upward trend in public debt, which is set to exceed 50% of GDP in 2020/2021. Other recommendations include structural reforms and measures to revive foreign direct investment. The government has confirmed that the final version of Namibia's black economic empowerment law will exclude an original, highly contentious proposal for minimum 25% shareholdings in all companies to historically disadvantaged Namibians (HDNs) or HDN-owned entities.

Chinese monopoly on uranium

The government is placing a lot of faith in public-private partnerships to secure investment in priority areas such as infrastructure. It received new investment pledges of N$20bn (US$1.3bn) from donor agencies and companies at a 2019 economic growth summit. The economy is due to modestly resume growth in 2020 having contracted by an average 1.4% during 2018 and 2019 due to a sharp drop in agricultural output, temporary reduction in rough diamond production and weak consumer demand.

Unpredictable rainfall and persistent low uranium prices are the main risks for resumed growth. Uranium output will increase only incrementally in 2020 as the Husab mine has nearly completed its ramp up to full capacity, producing some 5,500tn per year. China now has a virtual monopoly on Namibia's uranium production as in July 2019 a second state-owned company, China National Nuclear Corp. completed its purchase of a 68.6% shareholding of Rio Tinto's Rössing mine. The 50:50 government/De Beers-owned Namdeb Corp. is expanding its deep-sea mining capacity to offset the closure of most onshore mines by 2021. Namdeb produced a post-independence record of 2m carats of mainly gem-quality stones in 2018, of which 70% were recovered offshore, falling to some 1.7m carats in 2019 due to reduced buying by global cutting centres. ●

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MOZ.
NAMIBIA
Johannesburg
eSWAT.
LESOTHO
SOUTH AFRICA
Durban
Atl. Ocean
Cape Town
Indian Ocean

South Africa

Ramaphosa on the reform trail

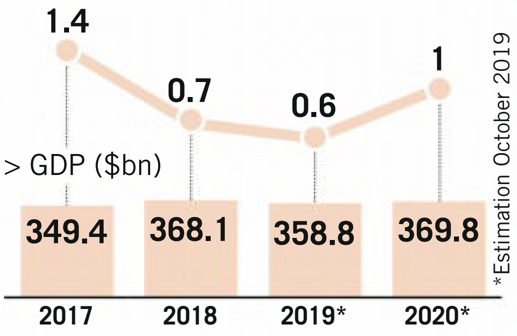
> Many voters want to see real results from the 'state capture' commission
> The ANC is promising to turn around loss-making parastatals such as Eskom

With a faltering economy, 2020 marks the second year of Cyril Ramaphosa's presidency. There are high hopes that the major policy interventions he announced at the start of his term – like the break-up of electricity provider Eskom (see box), cuts to the civil service, wider economic reforms and the establishment of the National Health Insurance (NHI) system – will finally kick into gear. Ramaphosa faces a tough balancing act to meet the socioeconomic needs of the vast numbers of unemployed while attracting investment and cutting the fat from the public sector.

The governing party is being pulled in many directions due to divisions between the Ramaphosa allies and the supporters of former president Jacob Zuma. The continued economic and political differences within the African National Congress (ANC) have so far stymied many reforms needed to boost the ailing economy.

Some ANC watchers say meaningful change might not see the light until at least mid-2020 as the ANC meets for its mid-term policy conference. Zuma ally and ANC secretary-general Ace Magashule is a power broker in the party. Some pro-Zuma cadres would like to get rid of Ramaphosa. While the meeting cannot remove him from power, it can seriously hamper his reform agenda. Ramaphosa will rely on his allies in the provinces, including the Eastern Cape, Limpopo, Gauteng, Northern Cape and Mpumalanga, to form a solid defensive bloc.

- > Population: **58.6 million**
- > GDP per capita: **$6,100**
- > Life expectancy: **63.4**
- > Adult literacy: **94.4%**
- > Inflation: **4.4%**
- > Human development index (out of 189 countries): **113**
- > Foreign direct investment: **$5.3bn**
- > Last change of leader: **2018**
- > GDP growth (%)



Controversial public protector

The Judicial Commission of Inquiry into Allegations of State Capture, which has heard detailed evidence of the extent of corruption and fraud at several state-owned entities during the Zuma era, is expected to wrap up its oral evidence by mid-2020. The National Prosecuting Authority (NPA) under Shamila Batohi will be under pressure to arrest and prosecute those implicated in crimes.

The government is likely to begin the process by removing public protector Busi Mkhwebane soon. The controversial Mkhwebane has had a slew of scathing court findings against her judgements. Lawmakers realised in late 2019 that parliament did not have any rules for the process to remove her from office. She has indicated that she will take any ruling to court, and a protracted legal battle would likely follow.

Amending the constitution

Pressured by the leftists of Julius Malema's Economic Freedom Fighters (EFF), the ANC has been taking steps to redistribute land in order to support black farmers. Since the ANC announced its intention to revise the constitution to provide for the expropriation of land without compensation, the process has been bogged down by the prolonged legislative process. The newly formed Ad Hoc Committee to Initiate and Introduce Legislation Amending Section 25 of the Constitution is expected to complete its work by April. But there will again be another round of lengthy public participation processes before any legislation is introduced.

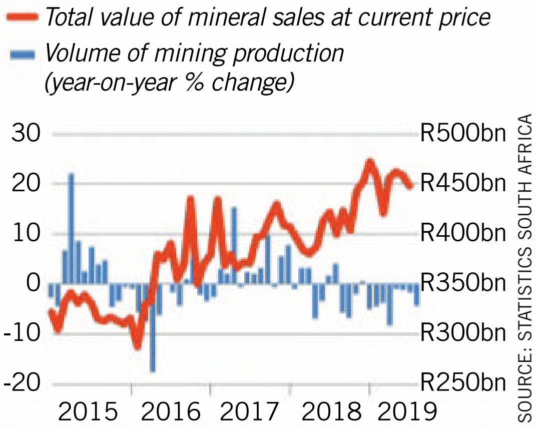
The government, medical providers and economists are due to map out a plan for the NHI. The NHI seeks to establish a central fund that will buy all services from public and private sector medical players on behalf of nationals who will receive medical services for free. Some actors in the private sector and opposition political parties do not support the programme given the dire state of the economy. The NHI will take years to launch, with a mooted start date of 2026.

The year 2020 will see the main opposition party, the Democratic Alliance (DA), focusing on the 2021 local government elections, where it hopes it can become the main political party. The DA is in control of Cape Town, Johannesburg and Tshwane, and wants to increase its share of the vote in other provinces. But its record of governance has had a mixed bag. Due to the DA's poor showing in the 2019 election, national leader Mmusi Maimane resigned and the party undertook a major organisational review.

The EFF will continue to claim to be the voice of the marginalised. The party is now the country's third major party and managed to increase its share of the vote from 6% to just over 10% in 2019. But it will have to show that it can deliver on some of the promises it has made to their supporters beyond the rhetoric of attacking the ANC.

With an official unemployment rate of 29% – and for those younger than 35 a staggering 55.2% – Ramaphosa says that the lack of jobs is the biggest risk the country faces. So far, the government does not have any big-bank programmes to address it. Elsewhere, 2020 will also see the further roll-out of the new district-based coordination model which aims to address the service delivery and economic development bottlenecks through the coordination of planning across all spheres of government. For instance, in the 2020/2021 budget cycle, national budgets and programmes will be spatially referenced across the 44 districts and all eight metro cities.

MINING OUTPUT



SOURCE: STATISTICS SOUTH AFRICA

In 2019, business confidence slumped to the lowest level since the 1980s. South Africa is safe from a credit ratings downgrade by Moody's for the next few months. Moody's is the only one of the three major rating agencies that has not assigned the country junk or a lower status, but it has a negative outlook for the country.

New tax laws

In order to get access to more funding, the government is looking for alternative policies. It is looking at ways for pensions to invest more in government bonds or in troubled state-owned enterprises. Last year the ANC's economic policy head, Enoch Godongwana, said it was "a better option than approaching the IMF or the World Bank for a bailout". To raise more tax revenue, from March 2020, South Africans living abroad will have to pay income tax on amounts over R1m.

All eyes will be on trade and industry minister Ebrahim Patel to see whether he will kickstart a package of measures to support the manufacturing sector, including deregulation, skills development and infrastructure. Different master plans for different sectors with high potential for growth are set to provide greater clarity for specific interventions.

The next phase of the Automotive Production and Development Programme is kicking off, seeing more black-owned companies entering the component sector. For the 2021-2035 phase, the aim is to see 25% of the two lower tiers to be black owned. Companies including Volkswagen, Toyota, BMW and Mercedes-Benz have agreed to create a R4bn fund to support black industrialists wanting to provide goods and services to the industry.

Tech and finance are two crucial sectors with changes on the horizon. The banking sector has seen three new entrants, including billionaire Patrice Motsepe's TymeBank. However, the 'Big Five' will continue to dominate for at least the next decade, while operators are patiently waiting for the government to allocate a spectrum suitable for the roll-out of 5G mobile network technology.

Investors are adopting a wait-and-see attitude about investment in the mining sector. Court cases related to the Mining Charter, passed in 2018, are ongoing.

Ramaphosa is strengthening South Africa's ties with China and has weakened them with Russia. In 2020, South Africa assumes the rotational chair of the African Union, where Ramaphosa is likely to focus on trade and investment. A key item on the agenda is starting operations of the African Continental Free Trade Agreement. ●

Power failure

With an estimated debt of more than $30bn, South Africa's power utility Eskom remains one of the biggest threats to the economy. The ailing electricity provider is 'too big to fail' yet there is still no clear plan to show how exactly it will be saved and restructured. Tough decisions are expected in 2020. Eskom supplies 95% of the country's power and has a bloated staff of 46,000 workers. The struggling economy needs Eskom to survive. Eskom recorded a loss of R20bn ($1.3bn) during its last financial year, and parliamentarians say they no longer want to write blank cheques.

President Cyril Ramaphosa has proposed the break-up of the utility, but allies like the Congress of South African Trade Unions hit back and said they will not accept that workers will be fired or that the company would be privatised.

A key step forward is naming a new chief executive, and one was still due to be named as *The Africa Report* went to press. Freeman Nomvalo was appointed chief restructuring officer in August, but analysts say the pick was underwhelming.

Eskom will continue to be bogged down by internal African National Congress factional fighting. Sfiso Buthelezi – an ally of former president Jacob Zuma – is the chairperson of parliament's appropriations committee and is demanding a revision of all Eskom contracts. If Ramaphosa wants the economy to thrive, he will have several battles to win in the year ahead. ●

DEMOCRATIC REPUBLIC OF CONGO
TANZANIA
MALAWI
Ndola
ZAMBIA
ANGOLA
LUSAKA
MOZAMBIQUE
NAM.
ZIMBABWE
200 km

Zambia

Campaigning with empty coffers

> President Lungu is using strong-arm tactics to win a third term

> The economy is in dire straits because of low copper prices and huge government debts

Rebuffed by the International Monetary Fund (IMF) because of its hidden debt levels and with miners worried about the investment climate (see box), Zambia's president Edgar Lungu begins the fight for his political survival ahead of the presidential elections in 2021. He used his influence over the Constitutional Court to push through a controversial potential third term in office in December 2018.

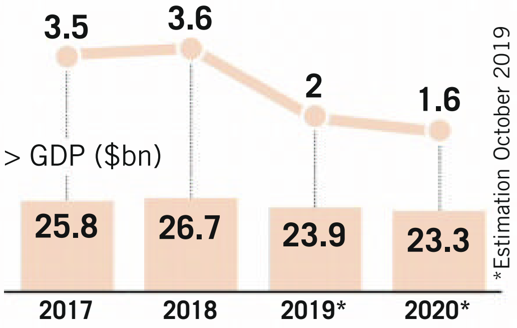
His administration is taking a more authoritarian stance ahead of the next vote. His government is intimidating his opponents and the police are using archaic laws like the Public Order Act to stop opposition parties and critical voices from organising themselves.

Increasingly, civil society groups, critical of Lungu's political and economic failings, are being weakened by threats of deregistration, arrests and violence. Lungu and his allies are also angry about the criticism he attracts on social media.

His humdinger, however, has been to hastily amend the constitution before the elections next October, to remove the remaining constraints on his power and guarantee his electoral victory.

Constitutional Amendment Bill No. 10, on which Lungu's future hangs, would strengthen the presidency even more. The bill would give the president more influence over the judiciary and the country's monetary policy. The amendment would also weaken parliamentary oversight. There is fierce opposition to the bill, and the Patriotic Front (PF) only has 89 out of 156 national assembly seats – short of the two-thirds majority that it needs.

> Population: **17.9 million**
> GDP per capita: **$1,307**
> Life expectancy: **62.3**
> Adult literacy: **83%**
> Inflation: **10%**
> Human development index (out of 189 countries): **144**
> Foreign direct investment: **$569m**
> Last change of leader: **2015**
> GDP growth (%)



Making inroads

Opposition leader Hakainde Hichilema of the United Party for National Development (UPND), working with other opposition parties, has doggedly made inroads into some constituencies previously seen as PF strongholds. Capitalising on Zambia's weak economy, Hichilema is portraying himself as sympathetic to people's suffering as the high cost of living squeezes more families. The IMF predicts that inflation will hit 10% in 2020. Another formidable opposition has arisen in the form of former PF stalwart and now leader of the National Democratic Congress (NDC) Chishimba Kambwili. Despite the arrest of supporters, Kambwili is relentless in accusing Lungu of grand corruption.

More importantly, the NDC wrested an important constituency from the PF in a parliamentary by-election in Copperbelt Province. The UPND, with its support in the west and south, could team up with the NDC, which has strongholds in the Copperbelt and north. But Lungu also faces challenges within the PF.

Overleveraged government

Hailing from Eastern Province, Lungu is being challenged by the politically powerful northern block within the PF who feel their region is not getting its due. Others worry that he has not been able to defend himself well against claims that he has used his position to enrich himself and his family and close allies.

The economy is struggling, with an uncertain macroeconomic outlook in 2020 and an overluieveraged government struggling to meet its debt obligations. External debt increased to $10.2bn in June 2019 and domestic debt increased to K60.3bn ($4.5bn). Complete repayment of a $750m eurobond is due in 2022 and another $1.25bn bond will come to maturity in 2024. The government insists that it will not default on any payments and has rolled out austerity programmes, which have led to downward revisions for economic growth.

The 2020 budget will be seriously affected as Zambia tries to meet its debt obligations and pressing needs for electricity generation and food and water security. It raises taxes and royalties on mining companies based on a sliding scale that will increase as the price of copper rises. Mining houses have called for a cap on royalties.

Analysts say that the government will struggle to bring the budget deficit to within 5.5% of gross domestic product

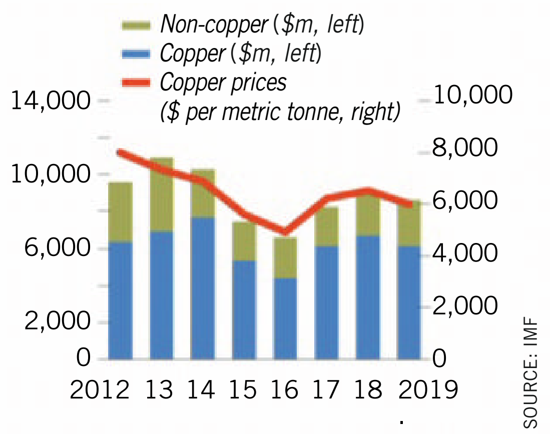
(GDP). The government's debt was set to reach 91.6% of GDP this year, which is unsustainable. The 2020 budget also includes around $515m in "exceptional revenue" that the government has refused to provide details about, raising many questions about the reliability of its statistics and the transparency of its management.

Another concern is the contentious Chinese debt which the government estimates to be at about 30% of the total external debt portfolio – but others suggest it could be much higher than official figures. Chinese lenders are grumbling about the government's difficulties in repaying.

Anti-Chinese sentiments are running high among Zambians, and activists are sounding alarms that the government might have to give up key assets to the Chinese lenders if Lusaka fails to repay its debts.

So far, Lungu's attempts to turn around the economy have not been successful. He has gone through three finance ministers in three years. None of them has been able to deliver on what he wants: an IMF bailout, without its stringent conditions. The IMF scaled down its presence in Zambia, recalled its representative and made it known that a bailout is not an option following Zambia's failure to declare its full indebtedness, especially its exposure to Chinese loans, and to curtail spending.

ZAMBIA'S EXPORTS



SOURCE: IMF

Spending splurge

The government's recent spending spree has focused largely on roads, which it expects to boost economic activity in the landlocked country. The government commissioned the Great East Road in Eastern Province in late October. That spending on infrastructure has not boosted economic growth or reduced poverty, which has been rising slowly since 2000, with a brief pause from 2010 to 2015. Lungu has fallen out with the usually taciturn Bank of Zambia governor Denny Kalyalya, who has made it clear that the blame for the state of the economy lies firmly at the feet of the government, which has not curbed spending sufficiently.

Zambia is reliant on rainfall for much of its agriculture and is recovering from a poor 2018/2019 season due to erratic rains and drought. The 2019 maize crop was an estimated 2m tonnes, about 50% less than usual. The World Bank is now backing the expansion of Zambia's irrigation systems.

The agriculture sector is important to the economy, accounting for about 50% of employment but only about 10% of GDP – showing the lack of investment in processing and value-added activities. The government estimated that some 2.3 million people are in need of food security support and that rains would return to normal for the 2019/2020 season. Large agribusiness firm Zambeef has bucked the agricultural downturn and reported in September that it expected good profits, in part from its soya bean, wheat and maize projects.

The government has recently raised interest rates, which is expected to restrain lending to the private sector. The government's arrears to contractors are contributing to non-performing loans, which remain around the 10% limit that the central bank aims for.

Zambia has been slow to develop solar and other renewable projects to diversify its energy mix. Due to poor rains and a reliance on hydropower, the state power utility ZESCO has implemented a load-shedding programme that it expects to last until at least 2020. The 750MW Kafue Gorge Lower power station is due to begin production soon, and in November Japan's Univergy Solar announced plans for $200m in photovoltaic projects. ●

Sinking mining fortunes

Zambia possesses the world's highest-grade deposits of copper and is ranked the seventh-largest copper producer in the world. The sector accounts for more than 70% of the country's export earnings and the mines are the largest taxpayers in Zambia.

Amidst price uncertainty, the regulatory and tax system in the country continues to change. In the face of opposition from miners, the government abandoned its plans to replace the value-added tax with a non-refundable sales tax. The 2019 mining tax reforms significantly increased the tax burden on mining companies. Miners say the government is making the sector unsustainable and uncompetitive.

Zambia is heavily reliant on hydropower for electricity generation, and weak rains mean more problems for the industry. The Zambia Chamber of Mines predicts that 2019 production will drop to 750,000tn from 860,000tn in 2018. To add on to those problems, the battle between the government and the Vedanta Resources-owned Konkola Copper Mines (KCM) has other miners scared about the potential for a wave of resource nationalism. The administration argues that KCM breached the terms of its licence. This has sent a chilling warning to the other big miners like Barrick Gold, Glencore and First Quantum. Barrick is in the process of selling its Lunwana copper mine, which is attracting a lot of investor interest from China. ●

MALAWI
ZAMBIA
HARARE
ZIMBABWE
Bulawayo
BOTSWANA
200 km
SOUTH AFRICA
MOZAMB.
Indian Ocean

Zimbabwe

No end in sight to the crisis

> The opposition and ZANU-PF have not agreed on a framework for political dialogue

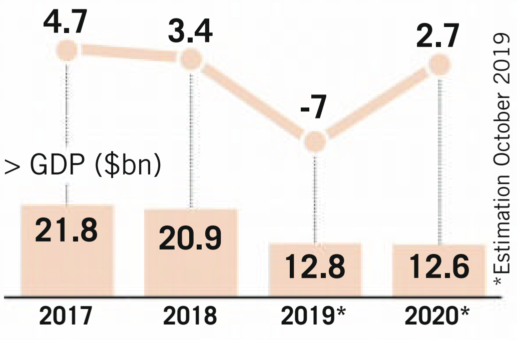
> Mnangagwa has been unable to turn around the economy, pay arrears or attract investors

More than two years after President Emmerson Mnangagwa succeeded Robert Mugabe through a military-assisted takeover, Zimbabwe's centre is struggling to hold as Mnangagwa battles to revive the country's floundering economy. Mnangagwa is fighting off threats from the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the armed forces.

He is said to no longer be on good terms with one of his key allies, Constantino Chiwenga, the former army chief who led the coup against Mugabe. Chiwenga is reportedly positioning himself to take over from Mnangagwa. But Chiwenga's current physical ailments add some uncertainty to the mix. He has been shuttling between South Africa, India and China, where he was treated for an undisclosed disease.

Mnangagwa has acted swiftly to neutralise any potential threats from the armed forces. He redeployed some military bosses including General Anselem Sanyatwe, a former head of the Presidential Guard who led troops that opened fire on protesters in August 2018. Sanyatwe is now Zimbabwe's top diplomat in Tanzania. Chiwenga's long absence from work has also set tongues wagging, and some activists are calling for him to step down from the vice-presidency.

- Population: **14.6 million**
- GDP per capita: **$859**
- Life expectancy: **61.7**
- Adult literacy: **88.7%**
- Inflation: **161.8%**
- Human development index (out of 189 countries): **156**
- Foreign direct investment: **$745m**
- Last change of leader: **2017**
- GDP growth (%)



Fresh rivalry

Mugabe, who ruled Zimbabwe for 37 years before his forced resignation in November 2017, died of prostate cancer in Singapore on 6 September 2019. His death triggered fresh rivalry between a group of ZANU-PF young Turks calling itself Generation 40 with Mnangagwa's Team Lacoste. Most of Mugabe's allies, like Jonathan Moyo, Saviour Kasukuwere and Patrick Zhuwao, remain in exile. Some of the late veteran leader's lieutenants who remained in Zimbabwe are facing various charges ranging from corruption to criminal abuse of office.

Members of the G40 maintain that Mnangagwa is not the legitimate president of Zimbabwe – a view that is shared by the main opposition Movement for Democratic Change party led by Nelson Chamisa, who lost the elections held in 2018. The MDC, which lost most of the recent by-elections, says it will be organising nationwide protests against Mnangagwa and his party in 2020. They are calling for Mnangagwa to step down for failing to run the country's affairs properly. The MDC has agreed to the reunification of its factions, but its real strength will surely be tested when the party squares up with ZANU-PF in general elections in 2023.

As anger against Mnangagwa's government is growing, buoyed by the underperformance of the economy, the Harare administration has responded by silencing dissenting voices. A number of citizens have since been charged for undermining the authority of the president after voicing their concerns about Mnangagwa's administration.

'The Crocodile'

Although Mnangagwa, popularly known as 'the Crocodile' – a nickname he picked up during the country's liberation war of the 1980s – promised a raft of political and economic reforms when he assumed the presidency, the country's economy is shrinking.

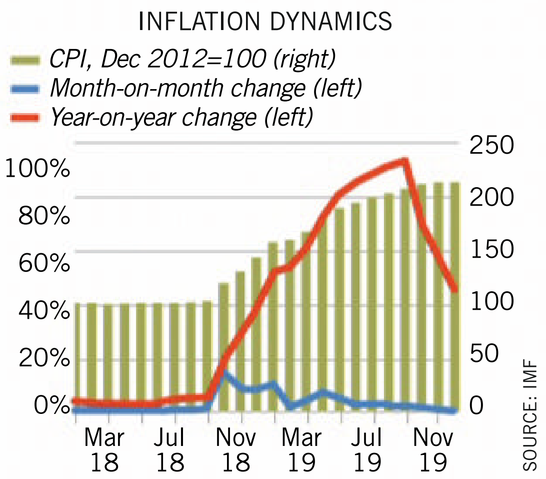
Many of Zimbabwe's citizens are spending more and more money on food while at the same time fuel, electricity and water are in short supply. Due to rampant inflation, a packet of toilet paper now costs more than half of a primary school teacher's monthly salary. Mnangagwa says his government will soon be engaging business with a view to control prices as the costs of most goods and services continue to skyrocket.

The government has adopted an economic blueprint called the Transitional Stabilisation Programme that runs up to December 2020. It prioritises boosting agriculture, mining and tourism, stabilising the macro-economy and the financial sector, introducing policy and institutional reforms, transforming to a private-sector-led economy, addressing infrastructure gaps and launching 'quick-wins' to stimulate growth.

The Harare administration says it wants to improve the ease-of-doing-business environment by introducing a one-stop investment centre as well as reforming the public service by introducing wage bill containment measures that would reduce the annual wage bill by $130m (0.4% of GDP) in 2020. These measures include removing ghost workers from the government payroll.

But Zimbabwe's exports are not earning enough foreign currency to meet domestic needs. In 2019 the central bank outlawed the use of multiple currencies and adopted the Zimbabwe dollar. The authorities are printing more of the surrogate currency, commonly known as bond notes, in order to fill the gap created by the decision to ban the use of the US dollar and other currencies. A parallel market is now thriving.

The government has since launched a crackdown. The Reserve Bank of Zimbabwe froze the bank accounts of companies linked to one of Mnangagwa's close allies and top advisers, Kudakwashe Tagwirei, and his nephew Tarisai Mnangagwa, accusing them of sustaining the black market. Tagwirei, targeted by critics for his business interests and close relationship to Mnangagwa, financed the government's Command Agriculture programme through his company Sakunda Holdings.



SOURCE: IMF

Mining optimism

Mnangagwa is scaling up the fight against corruption and he has given arresting powers to the new Zimbabwe Anti-Corruption Commission led by former High Court judge Loice Matanda-Moyo – wife to foreign affairs minister Major General Sibusiso Moyo.

The economic troubles also drove gold production lower in the past two years, but the authorities are now predicting a production increase for 2019. The mining sector could deliver 50tn of gold, 5,000ct of diamonds and 17,500kg of platinum in 2020, but some economists say that the power outages being experienced may scupper those projections. Mnangagwa blames the economic crisis on sanctions imposed on him and his inner circle by the West. He has lobbied the Southern African Development Community to ratchet up international pressure for the unconditional lifting of the restrictive measures.

On the infrastructure front, the government says it wants to scale up the dualisation of the Beitbridge-Harare-Chirundu highway in 2020 so that it meets its completion target of 2022. The busy road connects Zimbabwe with South Africa and Zambia and is expected to cost $2.7bn.

Finance minister Mthuli Ncube says Zimbabwe is planning to start talks in early 2020 on clearing arrears on its international debt, as the country seeks to rebuild confidence in the economy. Zimbabwe owes arrears to the World Bank and African Development Bank totaling almost $2bn. Ncube says clearing that debt would be crucial to secure new lines of credit.

President Mnangagwa has been globetrotting looking for foreign direct investment for his country, but his efforts have not yielded significant results. Chinese banks recently backtracked on funding three infrastructure projects worth $1.3bn after Zimbabwe raided $10m from an escrow account set up for the refurbishment of Harare's Robert Gabriel Mugabe International Airport.

Investors seem to be taking a careful approach to Zimbabwe, with some deals – like the recapitalisation of the National Railways of Zimbabwe through a $400m injection from the Diaspora Infrastructure Development Group and Transnet of South Africa – falling through. ●

The talking cure

Despite President Emmerson Mnangagwa promising to change Zimbabwe's political culture for the better when he took oath of office, the political situation in the country took a turn for the worse in 2019 when dozens of rights and opposition activists were arrested, allegedly for plotting to subvert a constitutionally elected government. Some pro-democracy activists were also abducted.

The Movement for Democratic Change party was denied its right to petition the government when it sought to stage protests in various provinces, with the state deploying heavily armed police details to block demonstrations. Many activists have described the abductions and rights violations as worse than those committed during the Robert Mugabe era.

The EU and the US want Mnangagwa to implement key political reforms. European countries like Sweden are calling on the president and his rival Nelson Chamisa to engage in dialogue before any meaningful re-engagement could take place. For his part, Mnangagwa convened a dialogue with fringe political parties and says his doors are open to Chamisa, who remains adamant that any meaningful political dialogue should discuss Mnangagwa's legitimacy and should be facilitated by a foreign mediator. Chamisa's party is pushing for a transitional authority that would be tasked with creating a roadmap for fresh elections. ●

At the crossroads of Africa, Asia and the Arab World

DJIBOUTI

The future is on the move

An environment conducive to innovation

A diversified economy
A regional logistics and transport hub
International standard infrastructure and services
New tourism opportunities

DJIBOUTI
AIR DJIBOUTI

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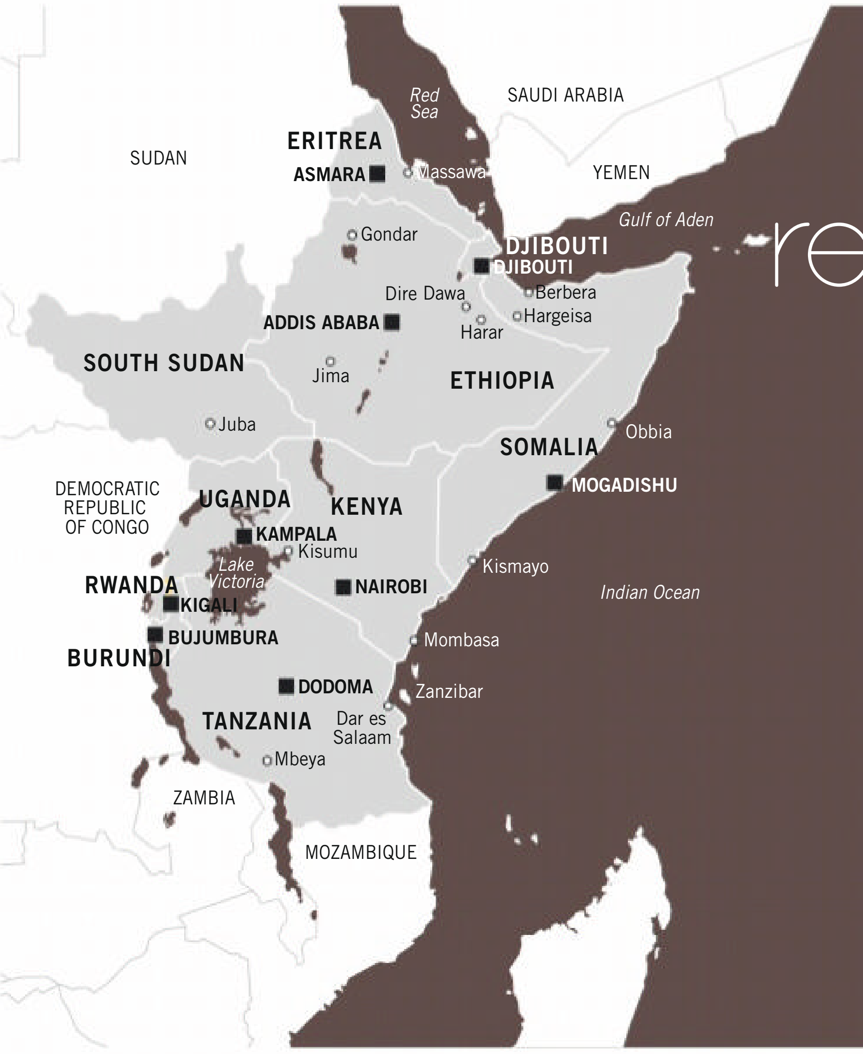
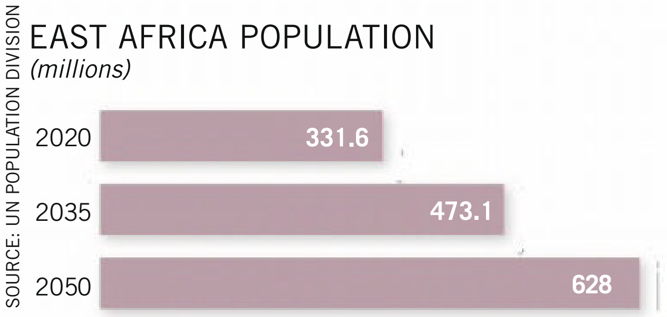
A home port for investors

East Africa

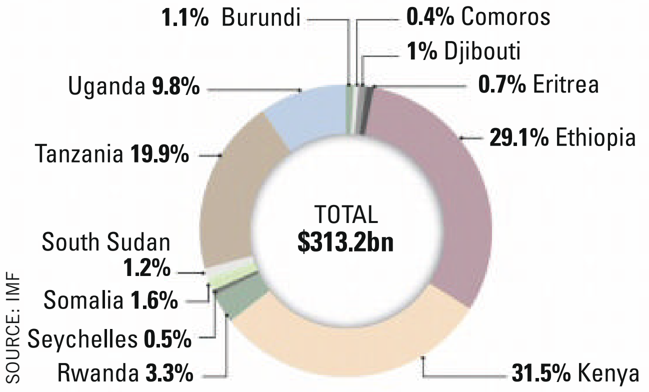

Red Sea
SAUDI ARABIA
SUDAN
ERITREA
ASMARA
Massawa
YEMEN
Gulf of Aden
Gondar
DJIBOUTI
DJIBOUTI
Dire Dawa
Berbera
ADDIS ABABA
Hargeisa
Harar
SOUTH SUDAN
Jima
ETHIOPIA
Juba
Obbia
SOMALIA
MOGADISHU
DEMOCRATIC REPUBLIC OF CONGO
UGANDA
KENYA
KAMPALA
Kisumu
Lake Victoria
RWANDA
KIGALI
NAIROBI
Kismayo
Indian Ocean
BUJUMBURA
BURUNDI
Mombasa
DODOMA
Zanzibar
TANZANIA
Dar es Salaam
Mbeya
ZAMBIA
MOZAMBIQUE

Pausing the regional rail race

Kenya and Tanzania had been competing to build Chinese-backed railways to serve their neighbours. With the first leg of the Kenyan one struggling to break even, financiers in Beijing want to see better studies before committing more money to railway projects.


EAST AFRICA POPULATION
(millions)

SOURCE: UN POPULATION DIVISION


EAST AFRICA GDP (2019)
(% of regional total)

SOURCE: IMF

0% change

Foreign direct investment into East Africa was stagnant in 2018, despite it being the fastest-growing region on the continent. Kenya's grew by 27%, while Ethiopia's dropped by 18%.

176 People to watch
178 Burundi
179 Comoros
180 Djibouti
181 Eritrea
182 Ethiopia
184 Kenya
186 Rwanda
187 Seychelles
188 Somalia
189 South Sudan
190 Tanzania
192 Uganda

people to watch

ETHIOPIA

Birtukan Mideksa

Poll supremo

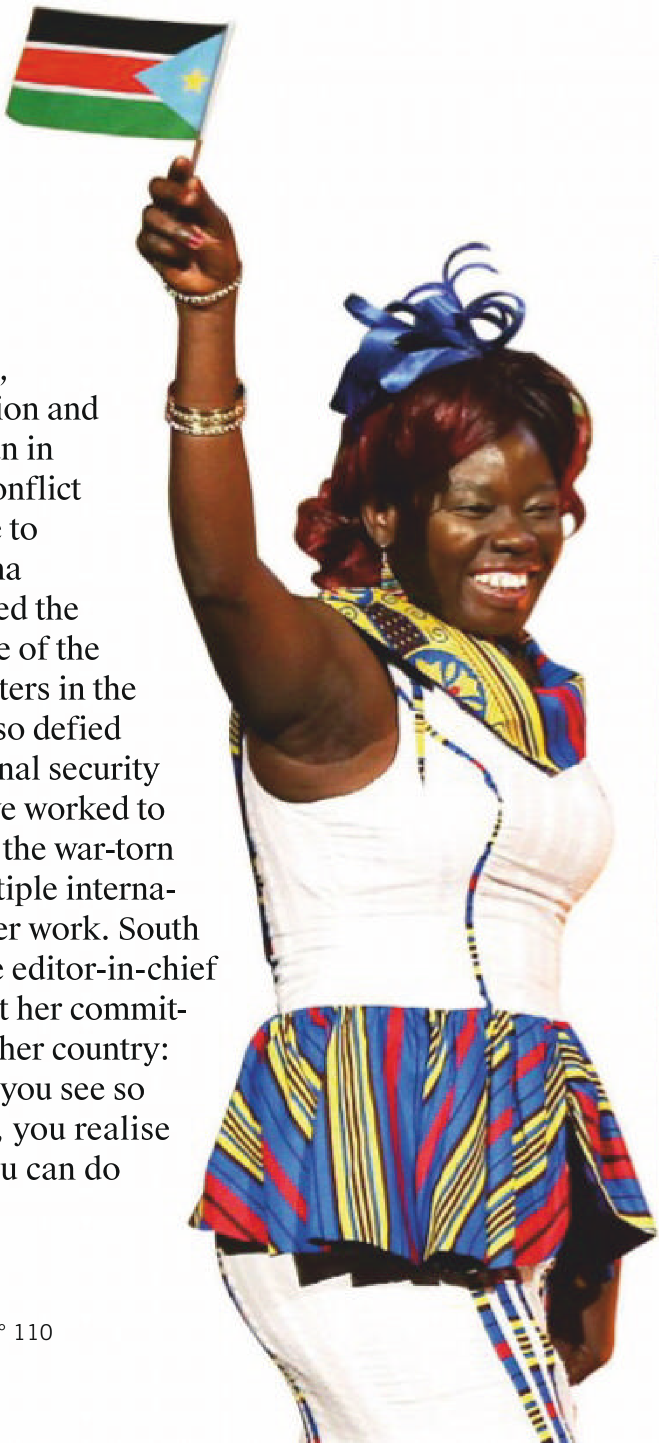
The oppositionist in exile turned electoral commission boss is in the spotlight as Prime Minister Abiy Ahmed prepares for game-changing elections in May 2020. He has promised that they will be free and fair, but some members of the ruling coalition are not so keen on losing its monopoly on power. The displacement associated with an uptick in ethnic clashes will also make Birtukan's logistical task much more difficult, and the success of the polls will be a key measure of Abiy's reform and liberalisation drive.

SOUTH SUDAN

Anna Nimiriano

Telling her story

With its censorship, violence, intimidation and threats, South Sudan in the midst of civil conflict is not an easy place to be a journalist. Anna Nimiriano has defied the odds to become one of the leading women writers in the country. She has also defied the notorious national security operatives who have worked to stifle journalism in the war-torn country to win multiple international awards for her work. South Sudan's first female editor-in-chief told reporters about her commitment to improving her country: "Sometimes, when you see so much going wrong, you realise there is nothing you can do but write it down."



BENNETT RAGLIN/GETTY IMAGES FOR IWMF/AFP

KENYA

Michael Joseph

Busy boss

The year ahead is filled with important choices for Kenyan-American executive Michael Joseph as he leads two of Kenya's most important corporations. He is now managing Safaricom, the telecoms company he transformed from 2000 until 2010, until he hands over to a new CEO in April. In the meantime, he is chairman of the board of Kenya Airways, which is due to be taken over by the government. Kenya Airways is looking for a new chief executive, too, to pilot its next phase of growth.

DAMIEN GRENON POUR JA

UGANDA

Robert Kyagulanyi Ssentamu

Songs of discontent

The biggest thorn in President Yoweri Museveni's side is this 37-year-old singer turned politician, Robert Kyagulanyi Ssentamu (aka Bobi Wine), who wants to stand up for the poor and disenfranchised. The 75-year-old leader could run again in 2021, and Bobi Wine intends to challenge him. Wine has been an effective critic, pointing out the government's corruption and hypocrisy, but setting up a political party, forging alliances and running an effective national campaign are next-level challenges. The year ahead will show if Wine and his allies are up to the task in the face of the security forces' intimidation and brutality.

MAHEDER HAILESELASSIE TADESE / AFP

ETHIOPIA

Jawar Mohammed

Oromo influencer

Activist and media owner Jawar Mohammed is a key figure in the Ethiopian election next year. How he influences Oromo politics will have a huge impact on Prime Minister Ahmed Abiy's chances of success. Jawar is from the Oromo ethnic group, the same as Abiy and Ethiopia's largest. The two have fallen out and Jawar claimed that the government tried to arrest him in October, leading to an outbreak in violence. With Ethiopia's model of ethnic federalism under strain amidst Abiy's liberalisation programme, the May 2020 polls will pit parties with an ethnic lens against Abiy's planned new party that seeks to promote Ethiopian unity.

PIXEL PHOTOGRAPHY

TANZANIA

Fatma Karume

Defender of the rule of law

Fatma Karume insists that she does not want to get involved in politics, but the battle for control of Zanzibar and President John Magufuli's authoritarian tactics may push her in that direction. She has been a vocal critic of the lack of checks and balances on the Magufuli government. The High Court controversially temporarily suspended the former Tanganyika Law Society president from practising on the mainland in September. In her reply, she explained: "Probably, advocacy is no more a place I'm supposed to be. Maybe I'm supposed to be in politics." She comes from a political family, and her father and grandfather were both presidents of Zanzibar.

Lake Kivu
RWANDA
TANZANIA
DRC
BURUNDI
BUJUMBURA
100 km
Lake Tanganyika

Burundi

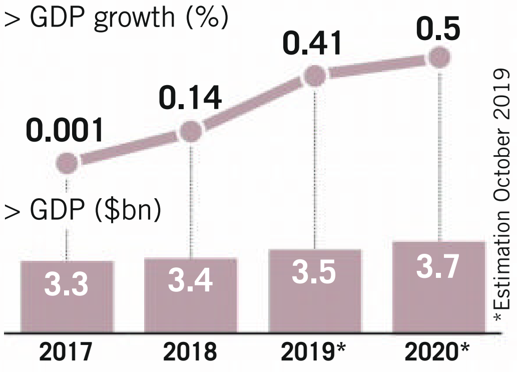
Nkurunziza's last chapter?

> The country could put some of its instability behind it if the 2020 elections turn a new page
> Agricultural production – a key export sector – lacks investment

The big question for Burundians in 2020 is whether President Pierre Nkurunziza, in power since 2005, will keep his promise to step down. He surprised many by announcing in June 2018 that he would not run for a fourth term, after his last presidential run led to a coup attempt and violence. Nkurunziza can in theory continue running until 2034 thanks to controversial constitutional reforms that came into force in May 2018.

Uncertainty looms as presidential, legislative and local elections are now due to be held on 20 May 2020. Since Nkurunziza's announcement, the ruling *Congrès National pour la Défense de la Démocratie-Forces de Défense de la Démocratie* (CNDD-FDD) has not named a potential candidate to run for the presidency. Many in the opposition are sceptical about whether Nkurunziza will follow through, and a group within the CNDD-FDD want him to run again. Because of the uncertainty, no one in the ruling party has yet ventured to announce their candidacy.

> Population: **11.5 million**
> GDP per capita: **$309**
> Life expectancy: **57.9**
> Adult literacy: **61.6%**
> Inflation: **7.3%**
> Human development index (out of 189 countries): **185**
> Foreign direct investment: **$1m**
> Last change of leader: **2005**
> GDP growth (%)



After a long battle with the authorities, former rebel leader Agathon Rwasa succeeded in registering his new political party, the *Congrès National pour la Liberté* (CNL), in February 2019. But that is not a sign that things are getting easier for the opposition. Rwasa says that his supporters are subject to increasing levels of intimidation. The NGO Human Rights Watch has denounced attacks by the *Imbonerakure*, the ruling party's youth wing, on members of the CNL. Many of Burundi's opposition leaders are now living in exile.

France weighs in

The socio-economic situation has continued to deteriorate throughout the crisis, which began with Nkurunziza's candidacy for a third term in 2015. The suppression of protests that accompanied his candidacy and then his re-election left at least 1,200 people dead and 400,000 displaced between April 2015 and May 2017, according to the International Criminal Court, which opened an investigation at the end of 2017 and continues to investigate. Since October 2019, nearly 200,000 Burundian refugees in Tanzania have also begun to be repatriated: the Dodoma government argues that peace has returned, despite the concerns of the United Nations High Commissioner for Refugees.

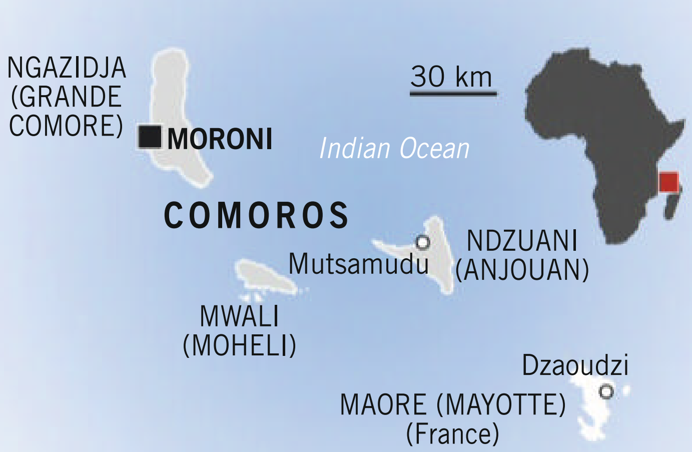
Tensions remain high with neighbouring Rwanda, and Tanzania's attempts to mediate the conflict yielded few results. Now France is taking up an ambiguous role in Burundi, leading to criticism by members of civil society. In July 2019, the former French ambassador to Burundi said defence cooperation had gradually resumed following the October 2018 visit to Paris of foreign minister and former *Imbonerakure* leader Ezéchiel Nibigira.

Health epidemics

The country is affected by a vast malaria epidemic. More than 5 million cases were recorded between January and June 2019 – an increase of 97% on the same period in 2018, the UN Office for the Coordination of Humanitarian Affairs said. Cholera, too, has resurged: the authorities recorded 245 cases last June, mainly in the province of Bujumbura. The political conflict has hit the economy hard, with a significant part of the international aid on which Burundi depends still frozen due to the crisis.

In the underdeveloped agriculture sector, coffee and tea are the main cash crops. The government is spending more on input subsidies in order to increase production. The government set an export target of 22,000tn in 2019, up from 18,000 in 2018, according to the *Agence de Régulation de la Filière Café*.

An uptick in mining activity led the sector to be the country's largest source of foreign exchange in the first quarter of 2019, beating coffee and tea combined. The Rainbow Rare Earths mine at Gakara is responsible for much of the recent boost, with other miners slowed down by the country's poor energy and transportation infrastructure. Much of the country's mining production comes from artisanal sources. ●



Comoros

Assoumani changes the rules of the game

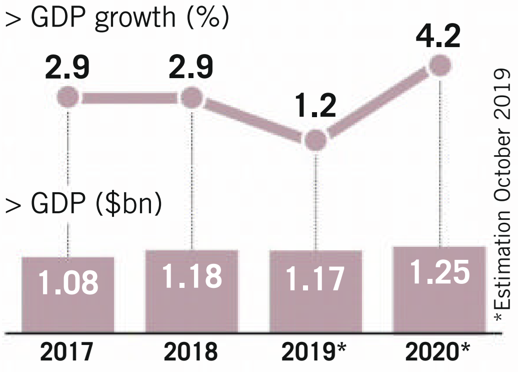
> After his disputed re-election, Assoumani could remain in office until 2029
> A deal with France could bring much-needed investment money

So far, President Azali Assoumani has been able to shape the Comorian landscape to fit his political goals, which include staying in power for long enough to transform the archipelago. He steamrolled over objections to constitutional reforms in July 2018, ended the rotation of the presidency between the country's three islands, and won re-election with 60% of the vote in a March 2019 election called ahead of schedule. The election was marked by some violence and many opposition protests. The legal changes mean that he could possibly stay in a strengthened presidency until 2029.

Analysts argued that the rotating presidency was a key reform that supported stability in the coup-prone country, but so far Assoumani has been able to outflank his opponents and deal with protests that are much smaller than in previous periods. Assoumani's primary opponents have been sidelined by legal problems stemming from a previous government's programme to sell 'economic citizenship' to foreigners.

Former head of state Ahmed Abdallah Sambi was not allowed to run in the 2019 polls. The Juwa party leader is still in detention as part of an investigation into the selling of Comorian passports that issued its conclusions in 2018, despite ill health. Under investigation in the same case, former vice-president Mohamed Ali Soilihi of the *Union pour le Développement des Comores* also did not run. The Supreme Court threw out other opposition candidacies too.

> Population: **85,100**
> GDP per capita: **$1,349**
> Life expectancy: **63.9**
> Adult literacy: **49.2%**
> Inflation: **3.2%**
> Human development index (out of 189 countries): **165**
> Foreign direct investment: **$8m**
> Last change of leader: **2016**
> GDP growth (%)



Opposition boycott

The four main opposition parties announced in late 2019 that they would boycott the 2020 legislative vote in protest at what they see as a fraudulent 2019 election. They are calling for reforms in electoral management and for the diaspora to be allowed to vote.

The opposition has not been able to unite against Assoumani and they split the protest vote in the 2019 election. With the new constitution weakening checks on the presidency, the opposition may find it hard to hold the government to account. Calls to protest against the election results did not lead to mass demonstrations.

Money for Mayotte

Diplomacy is high on Assoumali's agenda. France and Comoros are still in talks about the future of the island of Mayotte, which became a French overseas department in 2011. A cooperation agreement would involve the disbursement of several hundred million euros to be invested mainly in the island of Anjouan. Paris's concerns are largely about illegal immigration from Comoros to Mayotte.

Such a disbursement would be a major help, as the government does not have the funds necessary for investment in infrastructure. Electricity production remains weak. The economy has been growing recently, however, thanks in part to the construction of some roads and hospitals. The country does not have a well-developed private sector and the economic mainstay – agriculture – is largely small-scale.

To attract more tourism, the government wants to launch an airline with the help of a strategic investor. Arrivals have been rising steadily from a low base over the past few years, and reached 35,800 in 2018 according to the World Tourism Organisation.

The Comorian government is convinced that the waters around the archipelago are rich in oil and gas. It has struggled to convince oil companies to make the commitment to invest billions of dollars in drilling programmes. Some companies are taking a first step. Tullow Oil and Discover Exploration have licences covering 16,000km^2 and are launching the country's first 3D seismic testing round.

Diplomatically, the Comoros remains oriented toward the Middle East and Asia. In late 2019, India's vice-president Venkaiah Naidu signed a series of cooperation deals, including one on security. The United Arab Emirates are providing aid for electricity and water projects. ●

30 km
YEMEN
ERITREA
ETHIOPIA
DJIBOUTI
Gulf of Aden
DJIBOUTI
SOMALIA

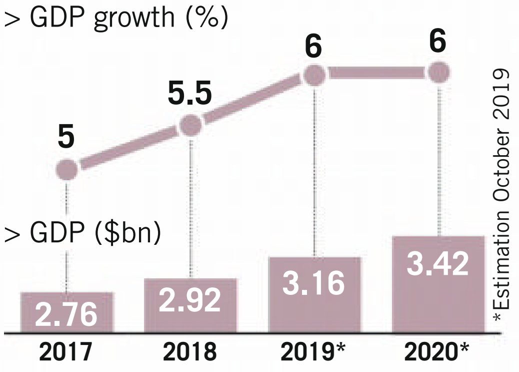
Djibouti

Problems and promises

> The conflict with DP World over the Port of Doraleh is dragging on
> President Guelleh is set to run for re-election again in 2021

Prospects for better relations in the Horn of Africa are now on hold until leaders can move beyond the historic September 2018 handshake between Djibouti's President Ismail Omar Guelleh and his Eritrean counterpart Isaias Afwerki. The reconciliation was part of the peace drive of Abiy Ahmed, Ethiopia's prime minister, that was launched in April 2018. Since 2018, neither Eritrea or Djibouti have taken any steps to normalise relations, which have been fraught since a border conflict started in 2008. Some senior officials in Djibouti argue that little improvement should be expected because Isaias got the most important thing he was looking for, the removal of international sanctions.

> Population: **974,000**
> GDP per capita: **$2,936**
> Life expectancy: **62.6**
> Adult literacy: **ND**
> Inflation: **2.2%**
> Human development index (out of 189 countries): **172**
> Foreign direct investment: **$265m**
> Last change of leader: **1999**
> GDP growth (%)



There is another important ongoing conflict that pits the Guelleh government against the United Arab Emirates' DP World. The administration kicked DP World out of the Doraleh port terminal in 2018, after having awarded it a 30-year concession for the entire Djibouti coast in 2006. The government claims that the deal was corrupt and against its sovereign interests. The London arbitration tribunal has ruled in favour of the port operators several times, saying that the concession contract should continue to be respected. The Djibouti authorities say that they are happy to pay in order to put an end to it.

International links

A standstill has ensued. The government has sought to bring in new investors at Doraleh, but several shipping companies dropped their investment plans after DP World threatened litigation in 2019. DP World has turned its focus to the region and seems to be looking to compete with Djibouti by setting up projects in Berbera in Somaliland as well as in Assab and Massawa in Eritrea.

Djibouti's international links are key to its positioning, hosting French, Chinese, Japanese and US military bases. Guelleh's team has not backed down and is rolling out ports and other infrastructure to strengthen the country's position as a logistics hub for Ethiopia and eventually the wider East African coast. The construction of a second industrial port complex – of the same size as the one inaugurated in 2018 – has just begun, thanks to a new Chinese loan of $600m.

Djibouti's main financial partner was reassured by the country's drastic reduction in its debt level, which fell to 71% of gross domestic product in mid-2019, after having been estimated at 104% by the International Monetary Fund – figures that the government disputed. Guelleh has regained the certain financial capacity that will allow him to accelerate the promised social policies that helped him to win re-election in 2016. Housing is one of the first areas to get attention, with several big projects launched in recent months.

High youth unemployment

The government signed a deal for a 30MW solar park with France's Engie in May and have several other renewable projects on the agenda. The Guelleh administration wants to reduce its dependence on electricity from Ethiopia and strengthen the share of green energy in its electricity supplies.

Despite the country's high growth rates, unemployment, particularly among young people, has not fallen below 60%. Guelleh says that he will address this problem by the end of his mandate. So far, all signs are pointing to the long-serving leader's desire to run again in 2021 despite previous public pronouncements about planning for his succession. He continues to use the powers of incumbency to weaken the opposition, giving it little chance of shaking up the status quo. His *Union pour la Majorité Présidentielle* comfortably holds more than two thirds of seats in the national assembly.

The opposition has formed a united front, the *Union pour le Salut National* (USN). Mohamed Daoud Chehem, the USN's presidential candidate in 2016, says that of the recognised parties only the *Union pour la Démocratie et la Justice* and the *Parti Djiboutien pour le Développement* now work well together. ●

SUDAN
Red Sea
SAUDI ARABIA
ERITREA
ASMARA
YEMEN
200 km
Assab
ETHIOPIA
DJIBOUTI

Eritrea

Two steps forward, one step back

> Problems with borders and control of territory remain despite the recent thaw in relations with Ethiopia
> Mining is a major source of economic growth, but worries remain about demand from China

With a struggling economy and increasingly restive population, 2020 might plausibly see attempts to remove President Isaias Afwerki and usher in a new regime. But chances remain slim at best.

Peace in the region remains fragile. The year 2018 was Eritrea's most momentous year since the end of the bloody 1998-2000 war with neighbouring Ethiopia, but the following year was remarkably uneventful.

The progress which followed the peace deal signed in July 2018 between Isaias and Ethiopia's prime minister Abiy Ahmed – restored trade and travel links between the countries, a United Nations arms embargo on Eritrea lifted – was not maintained and was even partially reversed. Most strikingly, the key disputed territories remain under Ethiopian control. The United Arab Emirates, which is using its base in Eritrea to help fight in the war in Yemen, is also supporting the Horn rapprochement.

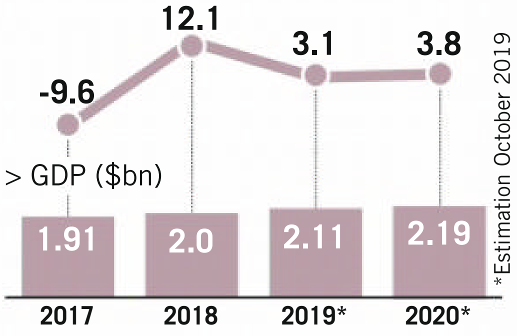
The land border with Ethiopia, which was opened for the first time in two decades, was summarily closed again at all crossing points in early 2019 with no official explanation. One theory is that Asmara worries about the flood of goods from Ethiopia undermining local businesses, especially the party-owned ones which dominate the economy.

Turning a blind eye

Isaias may see an open frontier as a security risk, given the unresolved rift between himself and the Tigrayan People's Liberation Front, the ruling party in Ethiopia's Tigray region, which borders Eritrea to the south. Nonetheless, Eritreans still continue to enter Ethiopia in large numbers. Border guards reportedly now turn a blind eye to those fleeing, meaning it is safer to do so than it was in the past, despite the continued restrictions on movement in and out of the country.

There is no indication the government will, in the short-term, address the primary cause of the exodus: indefinite national service. Despite hints in 2018 that it would return to its original 18-month limit, nothing has happened yet.

> Population: **3.5 million**
> GDP per capita: **$342**
> Life expectancy: **65.5**
> Adult literacy: **64.7%**
> Inflation: **-27.6%**
> Human development index (out of 189 countries): **179**
> Foreign direct investment: **$61m**
> Last change of leader: **1993**
> GDP growth (%)



Other expected peace dividends have also yet to materialise, and are unlikely to do so this year. The constitution of 1997 remains unimplemented. Far from relaxing its grip, the ruling single-party People's Front for Democracy and Justice appears to be increasing repression. The Catholic Church was a particular target during 2019, with its schools and hospitals closed, and this may well continue as the institution is regarded by Afwerki as a political threat.

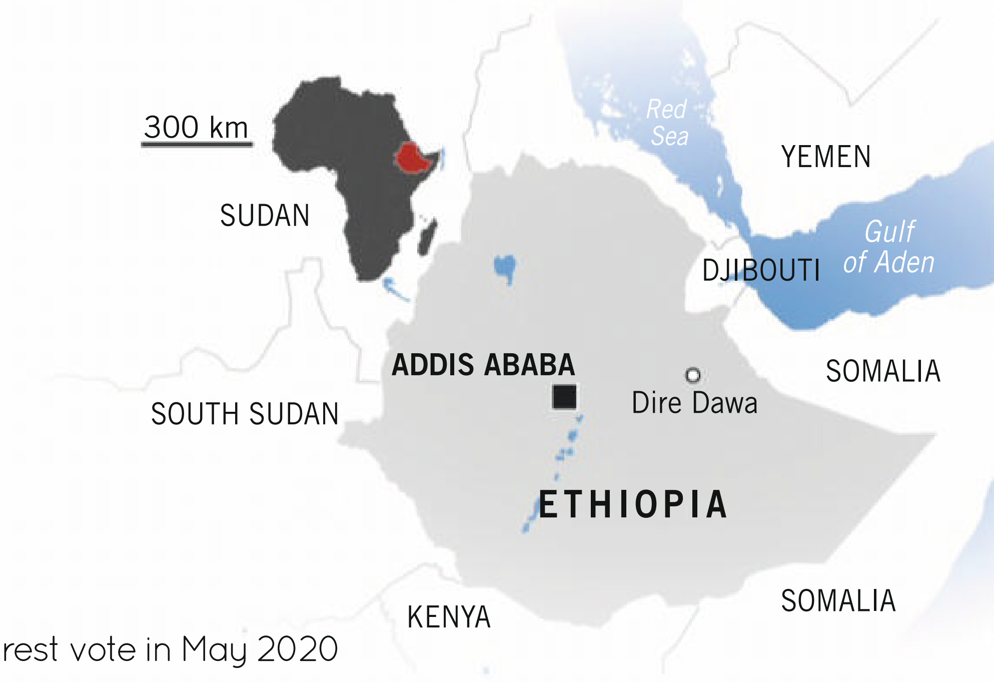
In this context, political opposition, while still mostly clandestine, is set to grow louder. Underground dissidents made waves in 2019, and the government is likely to continue with arbitrary arrests in response. The overseas opposition is more unified and getting better organised.

Dwindling remittances

The economy has been going through some difficulties and is largely dependent on rain-fed agriculture, mining and remittances. Talks with the International Monetary Fund (IMF) reopened in July 2019. The IMF is offering technical support to the Asmara government and financial aid is not yet on the table.

More Eritreans in the diaspora may stop sending remittances, a trend which will hurt the Eritrean economy. However it has other lifelines. There is a trickle of development finance, including from the African Development Bank. And better relations with neighbouring countries – notably Sudan and, further afield, Gulf states – have opened the possibilities for more foreign investment.

There are currently two operational mines, both Chinese-run and owned, employing 15,330, about 1.1% of Eritrea's labor force. In late 2018, the Bisha copper and zinc mine, then majority-owned by a Canadian firm, was acquired by Zijin Mining Group. A third Chinese mine, near Asmara, was due to start in early 2018 but has run into funding difficulties. It will likely now begin operations in 2020. The dominance of China in the country's mining sector, the key driver of growth, risks making Eritrea over-reliant on Chinese economic growth, which itself may slow in 2020. ●



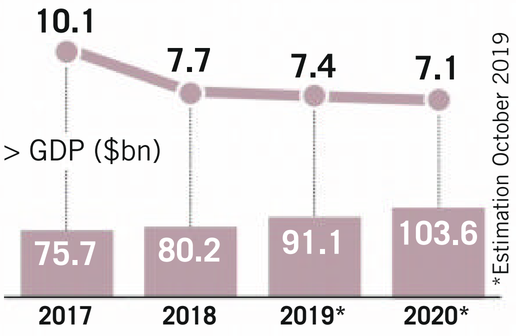
Ethiopia

Election urgency

> Reformist premier Abiy has promised Ethiopia's fairest vote in May 2020
> Opening the economy to more competition is likely to be slow and go sector by sector

One of the biggest tests of Prime Minister Abiy Ahmed's reform and liberalisation drive will be the May 2020 national elections. Conducting these peacefully as well as fairly will be a tall order. Preparations by the election board, which only recently had all its seats filled, are lagging. The country has 45,000 polling districts and needs to recruit 250,000 qualified election officials. Developing a biometric voter registration system has been beset by delays. A national census, which should have taken place in 2017 but was postponed again last year, is now unlikely to happen before elections, though this may cast doubt on the poll's credibility since the constituency map has not been updated since 1995.

> Population: **112.1 million**
> GDP per capita: **$953**
> Life expectancy: **65.9**
> Adult literacy: **39%**
> Inflation: **14.6%**
> Human development index (out of 189 countries): **173**
> Foreign direct investment: **$3.3bn**
> Last change of leader: **2018**
> GDP growth (%)



The election will be the most competitive since 2005, when the ruling Ethiopian People's Revolutionary Democratic Front (see box) failed to win a majority in the capital. But it is unlikely to be entirely free or fair. Opposition groups in both Amhara and Oromia complain of harassment, including arbitrary arrests. In Tigray, home to the once all-powerful Tigray People's Liberation Front (TPLF), the opposition is unlikely to make many inroads against such an authoritarian and well-entrenched party.

Deadly violence

Abiy's government continues to be troubled by instability in several parts of the country, most notably in the south and in the northern Amhara region. In June the young prime minister faced his most serious challenge yet in the form of what he called an attempted coup in the Amhara state capital of Bahir Dar, and the assassination of the federal army chief at his home in Addis Ababa on the same night.

The following month saw deadly violence in Sidama, where local elites and young protesters demanded their zone become a self-governing region. This is one of at least 10 statehood campaigns in the multi-ethnic Southern Nations Nationalities and Peoples' Region (SNNPR) since Abiy took office. In their 20 November referendum the Sidama people voted overwhelmingly for autonomy.

In Oromia, the Oromo Liberation Front (OLF) and the Oromo Federalist Congress (OFC) have agreed to an alliance, and will stand aside for each other in certain districts in order to reduce the chances of electoral violence. Amhara is less predictable: the hardline opposition party, the National Movement of Amhara (NAMA), is much more popular than the ruling party, especially in towns, and is unlikely to strike any pacts with it given that many of its members were arrested in the aftermath of the June coup attempt. If it is able to campaign freely it should win some parliamentary seats. But whatever the overall result, and whatever post-election coalition formations emerge, Abiy is likely to remain prime minister, not least because the winner-takes-all voting system remains unchanged.

Executive presidency

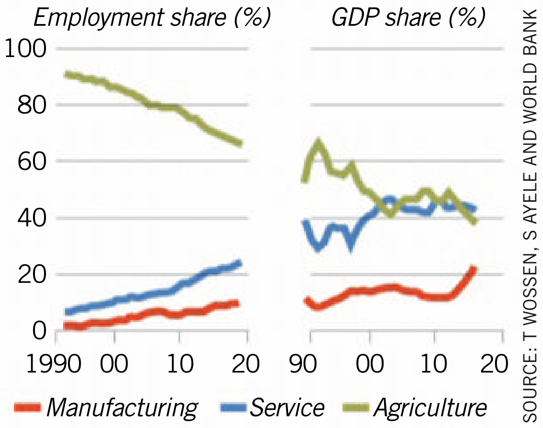
Calls to radically reform Ethiopia's controversial system of ethnic federalism will likely be ignored, especially if ethnonationalist opposition parties make substantial gains. If the election is followed by constitutional reform, Abiy's main concern will be to introduce an executive presidency, which will be presented as a way of reducing the power of ethnicity in politics without tearing up the foundations of the federal settlement. Restructuring it along territorial, rather than ethnolinguistic, lines is an unlikely prospect, as is banning ethnic parties altogether.

So ethnic tensions will persist and, given the nature of federal arrangements, may lead to more violent conflict. According to revised estimates published last year, nearly 3 million people were forced from their homes in 2018, more than anywhere else in the world. The figure was lower the following year, in part because much of the country was under military command, and the government claimed to have returned almost all internally displaced persons (IDPs) to their areas of origin. But since many of the underlying reasons for violence have not been addressed, and since most IDPs were sent home before genuine reconciliation, serious flare-ups can be expected.

While still pacy, economic growth will not reach the rate of 10% or more witnessed for much of the past decade. Insecurity will continue to be a drag, though reduced borrowing and slower growth in government spending will also have an impact. Foreign direct investment, which the government hopes will make up for the reduction in public spending, is unlikely to exceed the estimated $3bn to $3.5bn received last year (which was itself marginally lower than 2018), since many investors are in a wait-and-see mode until the election dust settles.

In September 2019 the government unveiled its “home-grown economic agenda”, a 10-year blueprint which aims to make Ethiopia a middle-income country by 2030 and which is expected to cost around $10bn. Although Abiy has said privately that he cannot accept an International Monetary Fund programme before the election, the “home-grown” strategy, with its emphasis on supply-side reforms, bears many similarities to the solutions advocated by the Bretton Woods institutions and Western donors. This includes a commitment to fiscal prudence, the sale or part-privatisation of state-owned enterprises and the removal of barriers to enterprise such as excessive regulation and poor logistics. It also includes moves to liberalise the exchange rate, but this will be done gradually so as to avoid triggering social unrest.

STRUCTURE OF THE ETHIOPIAN ECONOMY



SOURCE: T WOSSEN, S AYELE AND WORLD BANK

Splitting up companies

The most anticipated liberalising reforms will be in telecoms, which remain a state monopoly. The government will start by issuing two licences to multinational mobile companies next year, which may bring in close to $10bn. Vodafone, South African operator MTN, France’s Orange and Etisalat of the United Arab Emirates are likely to be among the leading contenders. The government will also offer a minority stake in Ethio Telecom, the monopoly operator due to be split in two, and foreign firms will be invited to bid. However, this may be a longer way off as it might take two years just to value the company’s assets.

Other parts of the economy will be slower to shake up. The financial sector, whose regulatory framework has been loosened somewhat over the past year, will not be opened to foreign competition in the foreseeable future. Many new domestic banks will enter the market, including the country’s first private housing bank, encouraged by the fact that the rule forcing all banks to divert at least 27% of their loan book to the government has been lifted. But ambitious plans to establish a stock exchange by the end of 2020 will likely not be realised so soon.

Similarly, plans to part-privatise Ethiopian Airlines, the jewel in the crown of state-owned enterprises, may not move quickly next year, in part due to public unease. Selling some of the Ethiopian Sugar Corporation’s ailing projects will be tricky as they are not yet attracting serious investors, and valuations are still ongoing. Foreign logistics firms have so far been slow to jump into joint ventures with local ones following the opening up of the sector last year.

In fact the major economic milestones in 2020 will be mostly familiar ones. At least three new industrial parks are expected to start operations, taking the total to 12. A second railway line, from Awash to Kombolcha, is complete and will start as soon as it has power supply. And the Grand Ethiopian Renaissance Dam, which is years behind schedule, will start generating electricity for the first time, albeit at a low level. Long-standing tensions with Egypt over this project, however, remain unresolved. ●

Abiy’s Prosperity project

Towards the end of 2019, Prime Minister Abiy Ahmed succeeded in what many considered an impossible task: merging the five parties of the EPRDF into a single national party. As *The Africa Report* went to press, only the TPLF had failed to approve the merger.

In so far as the Prosperity Party has an ideological blueprint, it is what Abiy calls “Medemer”. Supporters say “Medemer”, which stresses pragmatism, offers a break from the rigid doctrines of previous eras and can be an antidote to ethnic division. Critics, meanwhile, dismiss it as little more than a reheated ‘Third Way’.

The new party also faced resistance from Abiy’s own Oromo camp, most notably his deputy, Lemma Megersa. At the time of writing it was unclear if he would join. Many fear a unified party will undermine ethnic self-rule in favour of more centralised decision-making. Deadly protests in Oromia in late October were in part driven by opposition to the move.

Critics also claim the formation of a new party accentuates the government’s legitimacy gap. Jawar Mohammed (see page 177) warned of a “constitutional crisis”.

By ditching an ideologically divided coalition in favour of something more coherent, the move may clarify the political landscape in the run-up to the election. It certainly makes the outcome less predictable. Abiy, for his part, hopes the Prosperity Party will aid his electoral chances by freeing him from the tarred EPRDF brand. ●

SOUTH SUDAN
ETHIOPIA
SOMALIA
200 km
UGANDA
KENYA
Kisumu
Lake Victoria
NAIROBI
TANZANIA
Mombasa
Indian Ocean

Kenya

Looking for a legacy

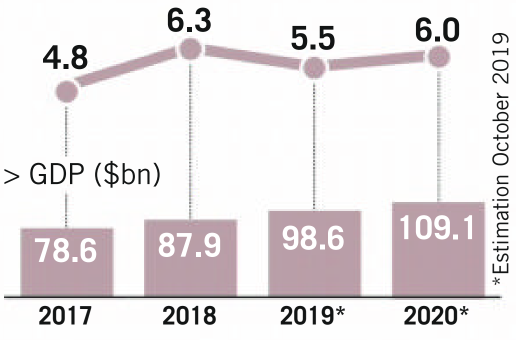
> President Kenyatta has a few years to leave a big mark on the health sector and Kenya's financial health
> The futures of influential companies Kenya Airways and Safaricom will be in play in 2020

Now in the second-half of his final term, President Uhuru Kenyatta is struggling to steady faltering government finances, fight a war on corruption and smooth over a growing rebellion within his own ruling party ranks. The succession race is gathering speed ahead of the next elections in 2022, with deputy president William Ruto and former prime minister Raila Odinga seeking to replace Kenyatta (see box).

In 2020, oil companies are expected to sign a final investment decision on the Turkana oil venture, which made its first exports in August 2019. Tullow Oil estimates that oil could easily become the East African country's second-largest forex earner, after tourism. But it will be years before it reaches commercial viability, a crucial point in a country struggling to find new sources of revenue.

Work on the 821km Lokichar-Lamu pipeline is yet to commence, and the earliest possible date for commercial exports is now 2024, from an initial target date of 2022. For President Kenyatta and the ruling Jubilee government, this means that the economic and political benefits of oil exports will be enjoyed under a new, and possibly different, government.

> Population: **52.6 million**
> GDP per capita: **$1,997**
> Life expectancy: **67.3**
> Adult literacy: **78.7%**
> Inflation: **5.6%**
> Human development index (out of 189 countries): **142**
> Foreign direct investment: **$1.6bn**
> Last change of leader: **2013**
> GDP growth (%)



Significant costs

The pressure for new revenue streams will escalate in 2020, especially as the government seeks political goodwill from a tax base that has suffered an increasing burden in the last few years. There are significant costs scheduled for events such as a referendum, boundary review, debt repayments and preparations for the 2022 election. In 2019, the focus somewhat shifted to large companies, such as two brewing giants which were slapped with large tax bills and their owners charged with tax evasion.

Although all signs are clear that Kenya will continue borrowing heavily to plug its budget deficits, more public debt will most likely be hard to sell, as previous infrastructure projects such as the standard gauge railway have not had the expected positive results. China's refusal to fund the third phase of the railway line, connecting Naivasha and the border town of Malaba, led the government to instead outline a plan to upgrade the old metre-gauge railway. The project will be funded by a private backer at a cost of $210m.

Increasing the water supply

Other infrastructure projects that could take off in 2020 include the $3bn Nairobi-Mombasa Expressway, which will be funded by the US. The project has been delayed twice due to feasibility and price tag concerns. Another is the 28km Jomo Kenyatta International Airport-James Gichuru Expressway, which is being funded by the Chinese government and whose construction commenced in September 2019. Chinese contractors have begun work on the Western Bypass, the last of Nairobi's ring roads, in 2019 and the project is scheduled for completion in nearly three years.

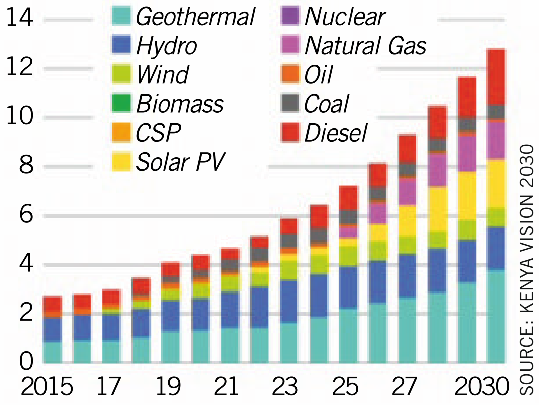
The 11.8km Northern Collector Tunnel Water Project is scheduled for completion in March 2020. Once complete, it will increase the water supply to the capital city by 140m litres. The project has been delayed by lawsuits, construction hitches and labour disputes.

Safaricom, owned in part by Vodacom and Kenya's government, will be a key company to watch in 2020. Now under a new CEO after the death of Bob Collymore, it might experience a short-term downturn in fortunes under the first transition, which would impact on government revenue. Its two nearest competitors, Airtel Kenya and Telkom Kenya, are also in advanced stages of finalising a merger, which would create a more formidable competitor for Safaricom.

Safaricom's acting CEO, Michael Joseph, will be handling two transitions in vastly different companies. At the telco, where he served as chief executive for a decade, finding the right person to drive the quest for more sources of revenue growth will be hard, even as the previous attempt at finding a new leader boiled down to nationality. At Kenya Airways, where Joseph serves as chair of the board, the current CEO Sebastian Mikosz is scheduled to resign by the end of 2019, meaning that the struggling airline will begin the year under new leadership. Mikosz's experience as a turnaround expert did not work out for the airline, which the government intends to nationalise progressively in 2020 and 2021. Buying out the minority shareholders, who now include a banking consortium and a strategic partner, will be an expensive undertaking. Turning the airline around will dig further into Kenya's public coffers.

For Kenyatta's government, the challenges facing these economic pillars will be an added headache to an ever-growing to-do list. In its second-term, the ruling party has focused on cleaning house, aiming to reduce public corruption and public wastage. The anti-graft war has introduced new divisions even within the executive, as it failed to impress the public. Henry Rotich, the long-serving treasury cabinet secretary, lost his position in 2019 and was charged with several corruption-related crimes, in a series of events that began with his cabinet colleagues. In 2020, more key allies may find themselves in trouble as well, as Kenyatta tries to balance a high-profile fight on corruption with a growing budget deficit and dwindling public confidence.

TIMELINE OF INSTALLED CAPACITY
IN THE VISION 2030 PLAN (GW)



SOURCE: KENYA VISION 2030

Big Four Agenda

In 2020, Kenyatta and his new cabinet secretary for the treasury Ukur Yattani will most likely attempt, yet again, to convince parliament to get rid of the interest rate cap for lending by the banking sector. The pressure to free up credit to the private sector is increasing. In May 2019, a Nairobi court ruled that the rate cap is unconstitutional and gave parliament 12 months to re-examine it. If the deadline expires without legislative action, the cap would be repealed in May 2020.

The government allocated KSh450.9bn to Kenyatta's legacy projects, dubbed the Big Four Agenda, in the 2019/20 budget. The biggest chunk of the money goes to the Universal Health Coverage programme, while the government introduced a levy in mid-2019 to fund the affordable housing part of the agenda. The housing scheme will be a hard sell in 2020, as Kenya's real estate market is expected to continue its most rapid decline in years, amidst fears of a downturn.

The third pillar of the Big Four Agenda, manufacturing, will most likely continue to suffer in 2020. In August 2019, a World Bank report termed Kenya's pace of job creation in the sector as 'mediocre'. President Kenyatta's government is following in the example of Ethiopia by reforming the textile and apparel sector to boost job creation, but has not put in place sufficient incentives for reducing energy and labour costs. Additionally, efforts by the government to boost the private sector by clearing its arrears have not resulted in a positive boost in growth.

Even before the Jubaland region's elections in August 2019, where Kenya's ally Ahmed Madobe retained his seat, diplomatic relations between Kenya and Somalia had been at their lowest in decades. A key point of contention is a maritime boundary row and Mogadishu's increasing desire to have a say in all regions of Somalia, especially in those where Kenya has a military presence and political interest. The two countries have been engaged in a diplomatic tit-for-tat in 2019, including changing rules for direct flights between each other and recalling their ambassadors. ●

Rival referendums

The government held a census in August 2019, with the results expected in early 2020, but its short-term benefits will only be obvious to the political class. Among its immediate uses will be drawing battle lines for an expected referendum, which could intricately alter the political system before the 2022 elections.
The census reports will also be crucial for planning the next decade of Kenya's future, which will also be the final years of the ambitious Vision 2030.

While the prospect of a referendum has been looming for years, it is now a matter of when, not if. One popular initiative, the Punguza Mizigo Bill, began making its way through county assemblies – which need to approve it with a majority for it to move to parliament – in mid-2019. The campaign intends to reduce the number of elected and nominated representatives, restructure the relationship between the two houses of parliament and change the presidential term to a single seven-year period. The campaign has earned the ire of politicians, including both President Uhuru Kenyatta and his former rival Raila Odinga.

A likely balance could be found in the Ugatuzi Initiative, a campaign led by serving governors that seeks to get more resources to the counties. Revenue distribution between the central government and the 47 devolved units has always been divisive, and in 2019 led to county governments nearly shutting down. ●

UGANDA
TANZANIA
Lake Kivu
DEM. REP. OF CONGO
KIGALI
RWANDA
BURUNDI
50 km

Rwanda

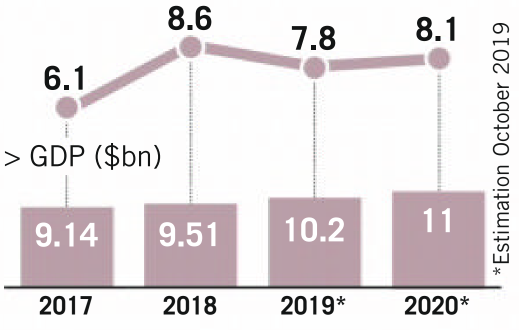
Pragmatic diplomacy

> The country is playing a balancing act between tensions with Uganda and rapprochement with the DRC
> The country is becoming a tech and tourism hub in East Africa

With Paul Kagame's Rwandan Patriotic Front (RPF) government maintaining their iron grip at home, diplomacy is a major government focus. Kagame handed over the presidency of the African Union to Egypt in February 2019, and former foreign minister Louise Mushikiwabo took over the leadership of the *Organisation Internationale de la Francophonie* in January 2019. Kigali's focus is now closer to home.

Kagame took up the rotating presidency of the East African Community in February 2019 amidst regional tensions. Rwanda is on bad terms with the neighbouring governments of Uganda and Burundi, so new foreign minister Vincent Biruta has plenty of work. Kagame and Uganda's President Yoweri Museveni spent months criticising each other and worrying publicly about attempts at spying. Kigali also complained about what it described as arbitrary arrests of Rwandans in Uganda and closed its border in March. Angola and the Democratic Republic of Congo (DRC) mediated and helped the two sides to sign a memorandum of understanding in August. The coming year will show how effective that understanding is. With Burundi, ties will be complicated by the holding of high-stakes elections in May.

- > Population: **12.6 million**
- > GDP per capita: **$824**
- > Life expectancy: **67.5**
- > Adult literacy: **68.3%**
- > Inflation: **3.5%**
- > Human development index (out of 189 countries): **158**
- > Foreign direct investment: **$398m**
- > Last change of leader: **2000**
- > GDP growth (%)



Security cooperation

Relations with the DRC have been improving since President Félix Tshisekedi took office in January 2019. Kagame was persona non grata when he tried to lead an AU mediation mission after the disputed presidential vote, but he arrived to applause at the funeral in May of the late oppositionist Etienne Tshisekedi.

The two countries are now strengthening their security cooperation. It is not known how far the cooperation will go, but Kigali seems determined to boost its fight against rebel groups like the *Front Démocratique de Libération du Rwanda* and the Rwanda National Congress.

Elsewhere on the diplomatic front, Rwanda will host the Commonwealth summit in Kigali in June. In addition to working more with the UK, Kigali is improving its ties to France. Paris has set up a commission to investigate its role in Rwanda during the conflict from 1990-1994. It is due to release a report in 2021 and an interim note in April 2020. The Elysée is also promising to increase the resources of the crimes against humanity unit to deal with the many genocide-related cases investigated in France. Rwanda continues to advocate greater cooperation among States in the hunt for fugitive genocidaires.

Little change is expected of government policy on the domestic front, discouraging political competition and promoting development. Senatorial elections in September confirmed the RPF's predominant role in politics while Kagame's inner circle shifted when Major General Albert Murasira replaced defence minister James Kabarebe late 2018.

Tourism on the rise

Some oppositionists, like Victoire Ingabire, continue to call for a relaxation of the ruling party's grip on power and a fairer playing field. In a series of similar crimes, one of her FDU-Inkingi supporters, Dusabumuremyi Syldio, was killed in September. The party says that the government has not sufficiently investigated such deaths.

GDP growth is continually high, but there are debates about its impact on poverty. The UK's *Financial Times* reported alleged manipulation of the country's poverty figures.

Tourism is on the rise, thanks in part to advertising in Western countries. Arrivals rose 8% in 2018 to 1.7 million. The launch of a new airport for the capital in 2020 should help business and other forms of tourism. Several new hotels will be opened in the next few years, and national airline Rwandair is set to double the size of its fleet by 2025.

The country has climbed to 29th place on the World Bank's Doing Business ranking thanks to its pro-business reforms. The Rwandan Development Bank is supporting local companies in export. Mara Phones and cybersecurity firm Kaspersky are setting up offices, solidifying the government's hopes of making the country a tech hub. •

SILHOUETTE
10 km
VICTORIA
MAHÉ
SEYCHELLES
150 km
MAHÉ
Indian Ocean
10 km
PRASLIN
LA DIGUE

Seychelles

Preparing for a tough vote

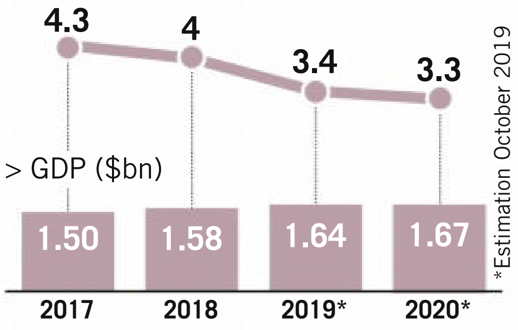
> The 2020 presidential election could prove tricky for the ruling and former single party
> The archipelago is facing a growth slowdown and calls to reform its offshore finance centre

The presidential election, scheduled for the end of 2020, could shake up the archipelago's political scene. Since its crushing defeat in the 2016 legislative elections, the previously unstoppable ruling party seems less certain of a victory. President Danny Faure has already announced that he will run for a second term. His campaign will be based on his government's spending on key sectors like health and education and a promised boost to the minimum wage during the election year.

This will be his first campaign for election in a popular vote. Faure gained the presidency after the surprise resignation of his predecessor, James Michel, in 2016, following the historic defeat of *Parti Lepep* in the legislative elections. Michel had been re-elected by a short margin just a year before. *Lepep* has now rebranded itself the United Seychelles Party.

The 2016 legislative elections gave renewed vigour to the opposition, which, for the first time, won a majority in parliament thanks to the multiparty *Linyon Demokratik Seselwa* (LDS) coalition. Historical oppositionist Wavel Ramkalawan will represent the LDS at the next presidential election. In particular, the LDS will campaign against corruption. The EU has placed the Seychelles on its grey list of tax havens since 2017, and the US authorities are said to be investigating Seychelles-based companies that may have illegally allowed US citizens to trade cryptocurrencies. In 2019, the IMF's directors "encouraged the prompt formulation of a new offshore financial sector strategy".

> Population: **98,000**
> GDP per capita: **$17,052**
> Life expectancy: **73.7**
> Adult literacy: **94%**
> Inflation: **2%**
> Human development index (out of 189 countries): **62**
> Foreign direct investment: **$124m**
> Last change of leader: **2016**
> GDP growth (%)



Holiday hotspot

On the economic front, the archipelago is facing a slowdown in growth. The main reason for this is the decline in construction projects related to tourism – the main economic sector – due to the government's moratorium on new permits for large hotels. A Michel policy, this was extended by Faure until 2020. Visitor numbers remain strong. In 2018, 362,000 tourists visited the archipelago – three times the local population, and an increase of 3% on 2017. Numbers are set to rise further as Air France relaunched winter flights to the Seychelles in October 2019 after Air Seychelles cancelled its Paris route in April 2018. More cost-cutting for the flag carrier is also expected.

Despite these good results, the Seychelles' dependence on this activity and its debt are cause for concern. To diversify, the authorities have focused on developing the 'blue economy': the development of sustainable aquaculture and promoting the local processing of fishery products, which account for the second-largest economic sector. The government signed a new tuna-fishing deal with the EU in October 2019. It covers a six-year period and includes a payment of $6m per year.

Climate urgency

Another point of economic tension is that while there is full employment on the archipelago – the unemployment rate was 3.5% in the second quarter of 2019 – many companies in the private sector are struggling to recruit locally.

But the main concern moving forward is climate change and rising waters, which directly threaten the 115 Seychelles islands and islets. "We need coordinated and decisive international action," Faure pleaded in April 2019 in a video message broadcast from a submarine nearly 124m deep in the Indian Ocean. "This problem is much bigger than us, and we cannot wait for it to be solved by future generations," he said.

The country itself is transitioning to renewable sources of energy. The 5MW solar power plant and battery storage unit at Romainville is due to be completed in early 2020 to supply electricity to households in the capital city, Mahé, on Victoria Island. Infrastructure and climate protection are two key spending areas in the 2020 national budget. However, spending will be somewhat restricted by the government's commitment to reduce its debt, which hit a recent high of 72.7% of GDP in 2016. Reduced expenditures should take it to a more manageable 57.7% in 2019. ●

DJIBOUTI
200 km
Hargeysa
ETHIOPIA
SOMALIA
Indian Ocean
MOGADISHU
KENYA

Somalia

Back to the ballot box

> The country is heading towards elections and there is no clear favourite
> Droughts and the continued strength of Al-Shabaab limit the country's economic growth

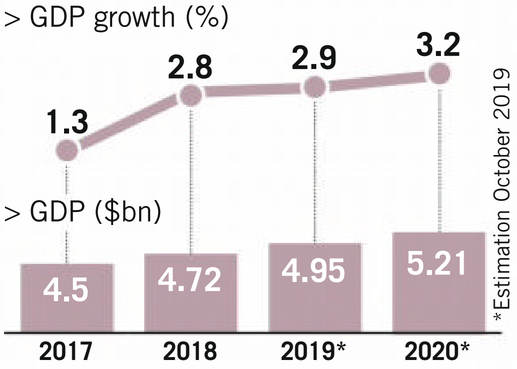
Uncertainty looms about Somalia's election plans. The security situation is a big problem for the electoral commission's goal of holding a 'one-person, one-vote' poll, the country's first since 1969. The commission says it is now launching the voter registration. The vote could take place in 2020 or, if delayed, 2021. But new electoral laws are needed and Al-Shabaab rebels control vast swathes of territory. Lack of progress could lead to a backtrack and return to plans for an indrect election.

Nonetheless, much of the year ahead will see politicians building alliances, breaking clan allegiances and buying votes. The Gulf states have a keen interest in Somalia's politics and traditionally inject millions of dollars into campaigns.

President Mohamed Abdullahi 'Farmaajo' Mohamed will contest the elections but Somalia's bumpy post-civil war trajectory has never favoured an incumbent. And while the handover of power is usually peaceful, the new president often goes about establishing an entirely different team, a majority of whom in a government job for a first time.

Farmaajo has a tough year ahead considering widespread dissatisfaction with his performance. He came to power in 2016 amid euphoric scenes and a popular hope of sweeping reforms and a tough crackdown on systemic corruption. But overall his government has alienated itself due to a determination to centralise power rather than working with the various Federal Member States (FMS).

> Population: **15.4 million**
> GDP per capita: **ND**
> Life expectancy: **ND**
> Adult literacy: **ND**
> Inflation: **ND**
> Human development index (out of 189 countries): **ND**
> Foreign direct investment: **$409m**
> Last change of leader: **2017**
> GDP growth (%)



Familiar candidates

As per previous votes, the presidential election will see a handful of past and current politicians, many returning from the diaspora, spend big to become the leader of the Horn of Africa country, which remains at the bottom of most UN rankings for health, economy and development. Previous presidents Hassan Sheikh Mohamud and Sheikh Sharif Ahmed have made their electoral intentions clear, and they returned to prepare their campaigns in 2019.

Prime minister Hassan Ali Khaire, seen as a counterbalance to the presidency and at times a threat, may run in the presidential election but will face tough internal and external clan politics to gain support. Khaire has managed a relatively positive relationship with the international community and the rare feat of surviving an entire term.

Generally, Somalia continues to lurch between political security and humanitarian crises. Droughts, heavy rains and floods hurt food production in 2019. In September 2019, according to the UN, 2.2 million Somalis faced hunger so severe that it threatened their lives or livelihoods. A similar scenario is expected for 2020 amid continued droughts and fears of underfunding for UN agencies.

Peace mission continues

The Islamist rebels of Al-Shabaab continued to pose a potent regional threat despite US forces carrying out as many airstrikes in the first seven months of 2019 as it did for the entirety of 2018, according to the US military's AFRICOM command. Despite repeated claims that the African Union Mission in Somalia (AMISOM) plans to exit in 2020, it seems unlikely. While AMISOM head Francisco Madeira promotes a 'transition plan' that sees local forces take responsibility for the country's security from international forces by 2021, the mission has not reduced significant numbers from its 22,000- strong force, considering Somalia's inability to prevent attacks.

As such, there is limited investment or confidence in an economic recovery. After resolving a dispute with Kenya in November over their maritime borders, Somalia announced an oil and gas licensing round in December.

One of the biggest economic inhibitors is Somalia's $5.1bn of external debt. The lure of debt relief saw concerted efforts gather momentum, but the World Bank and IMF are still a long way off before allowing any borrowing. Somalia's efforts to achieve debt relief could be considered the major achievement of the government so far and will be a key priority in 2020. ●

SUDAN
CHAD
ETHIOPIA
CAR
SOUTH SUDAN
JUBA
KEN.
200 km
DRC
UG.

South Sudan

Uncertainty reigns

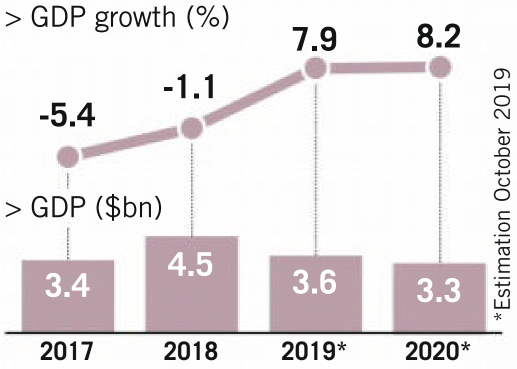
> The 12 November deadline for the formation of a unity government has been extended
> Oil holds much of the hope for a quick economic turnaround after years of civil conflict

South Sudan, not quite picking itself out of its troubles, is bound to continue uncertainly forward into 2020 with President Salva Kiir and his former deputy-turned-rebel leader Riek Machar still at the centre of a political crisis that started six years ago. A peace deal signed in September 2018 lost momentum, but analysts think it will be helped by the recent revolution in Sudan which had acted as a peacemaker between the South Sudanese factions.

As *The Africa Report* went to press, the 12 November deadline to form a new unity government had been extended by 100 days. Both sides have incentives to drag out the process in order to seek to press their advantages. Riek briefly visited Juba in September but has yet to return to work out the remaining problems in the peace accord.

One major sticking point is the lack of agreement on the number of states the country should have, which the government proposes at 32 and the opposition wants at 10 or 21 at the most. Another is the issue of security arrangements, which include unifying rebel and government forces to take charge of the country's safety over the proposed three years of transition.

- > Population: **11.1 million**
- > GDP per capita: **$275**
- > Life expectancy: **57.3**
- > Adult literacy: **26.8%**
- > Inflation: **24.5%**
- > Human development index (out of 189 countries): **187**
- > Foreign direct investment: **$191m**
- > Last change of leader: **2011**
- > GDP growth (%)



Aggrieved parties

The United Nations arms embargo is in place until at least May 2020 due to the lack of progress on peace. Pockets of insecurity in the southern and northern parts of the country are bound to continue. They are home to holdout rebel groups that declined to be part of the 2018 peace deal, including those of two men who were very prominently on Kiir's side during the bigger crisis – his former army chief Paul Malong and former deputy army chief Thomas Cirillo. They say the peace deal sidelines community grievances and fails to tackle corruption, nepotism and land reform.

Despite the political impasse, the economy is beginning to rebound as a result of diminished fighting. Many of the oilfields that were closed when the crisis started in December 2013 have resumed operation, raising output from 130,000bpd during the war to 180,000bpd in late 2019. The government predicts that production will reach pre-conflict levels of 350,000bpd by the middle of 2020. President Kiir's government wants to attract more investment in refining and hydrocarbons transport, and will be launching a new bidding round for blocks in the year ahead.

The government is pledging part of the country's oil production to finance a road-building programme. With an overall goal of 17,000km, it signed an initial deal costing $700m for the building of 392km of road between Juba and Rumbek, due to repay China Export-Import Bank with 30,000bpd for the project to be carried out by Shandong Hi-Speed Co Ltd.

Inflation rate drops

The government is conducting investment road shows and hosted an oil and gas conference in October, but most investors are waiting to see if the security and political situations improve.

Inflation is due to remain much lower than its 2016 highs of 400% and could drop to 25% in 2020. But those government projections are based on the peace deal holding and investment flowing into the country.

Prices across the country are stabilising as trade routes open up. With only about 300,000 refugees having returned, the agriculture sector is nowhere near pre-crisis levels. About 2.3 million people, many of them farmers, are still in neighbouring countries.

Persistent food insecurity, which affected about 7 million people or more than half the population in 2019, is bound to continue into the next year.

On the regional integration front, the East African Community is set to rule on the fate of South Sudan's application for membership in November 2019. Juba would like to improve its ties with East Africa and is in the market for oil export options that would reduce its reliance on Sudan. •

DRC
UGANDA
Lake Victoria
KENYA
RWANDA
BURUNDI
Arusha
DODOMA
Indian Ocean
TANZANIA
Dar es Salaam
ZAMB.
MAL.
MOZAMBIQUE
400 km

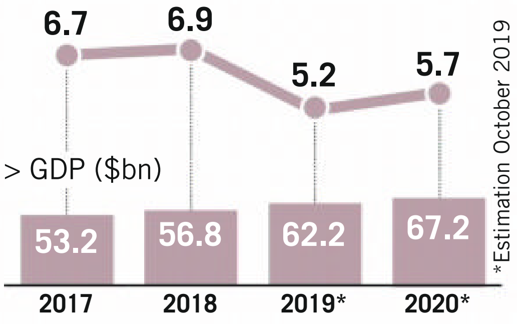
Tanzania

A union under stress

> The opposition seems unlikely to provide much of a challenge for Magufuli and the CCM in 2020
> The government's economic nationalism and uncertainty worries international investors

Tanzania heads into a general election year with the power of incumbency on display. President John Magufuli, having crushed dissent and outmanoeuvered potential rivals in the governing *Chama Cha Mapinduzi* (CCM), has all but guaranteed the party's unanimous support for a second term. Barring surprises, key young Turks like ex-ministers January Makamba and Nape Nnauye will hold off staging a challenge and bide their time for re-ascendant political careers post-Magufuli. On the other hand, the old guard – led by former foreign affairs minister Bernard Membe – will try to revive its influence so it can help to determine who will represent the party next.

- Population: **58 million**
- GDP per capita: **$1,104**
- Life expectancy: **66.3**
- Adult literacy: **77.9%**
- Inflation: **3.6%**
- Human development index (out of 189 countries): **154**
- Foreign direct investment: **$1.1bn**
- Last change of leader: **2015**
- GDP growth (%)



Powering Magufuli's re-election chances are large infrastructure projects that look to be completed in time for the campaign. Among these projects are sections of the standard gauge railway, power plants, hundreds of kilometres of paved roads across the country, airports, marine vessels and expanded access to drinking water.

The main opposition party, *Chama Cha Demokrasia na Maendeleo* (CHADEMA), has been in disarray since the departure of Edward Lowassa in 2019 and chairman Freeman Mbowe's jailing on a contempt charge. Its leaders are banking on the long-awaited return of Tundu Lissu – who survived an assassination attempt – to revive their fortunes in time for elections.

Opposition looks for coalition

CHADEMA also have to contend with the Alliance for Change and Transparency (ACT) of Zitto Kabwe, which will continue to attract support. Its membership has been surging since the party's merger with Zanzibari opposition stalwart Seif Sharif Hamad's Civic United Front (CUF) faction.

The CHADEMA leadership, having endured repression under much of Magufuli's rule, is quickly pushing for the formation of a wide opposition coalition. It is pursuing talks early to avoid the hasty decisions made ahead of previous elections. But any success will heavily depend on the financial clout of anyone at the centre of such discussions.

In this general election, it is not on the mainland that the biggest drama will likely play out, but in Zanzibar. The Indian Ocean archipelago forms part of the United Republic of Tanzania. It is governed autonomously under its own presidency, and the past three elections for the office have been marred by violence and controversy. The stakes are even higher this time considering that the incumbent, Ali Mohamed Shein, is stepping down at the end of his second term in 2020. This leaves the CCM short of cadres willing to take an office where the likelihood of electoral violence is strong.

All eyes on the island

The Zanzibari transition is shaping up to be both Magufuli and the CCM's toughest challenge this election year, and is likely to test the future of the union. The CUF's Hamad is well aware of this. He will be looking to exploit any weakness of the CCM, something he is in a stronger position to do. He has limited Magufuli's efforts to curb his political influence in Zanzibar.

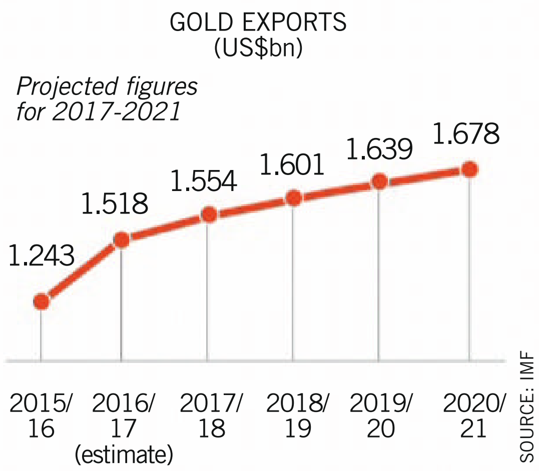
Fatma Karume is enjoying a fast rise as an opposition figure there. A scion of the archipelago's most prominent political dynasty, Karume has already hinted at political ambitions since being stripped of her high court advocate's licence for her critical stance against Magufuli. An alliance between Hamad and Karume could be on the cards, a turn of events that may change the course of the island's history.

Due to Magufuli's strong-arm tactics and nationalist tendencies, diplomatic confrontations are likely to continue between Tanzania and international institutions, mostly over statistical data and information sharing. Elsewhere, Tanzania's diplomatic relations remain friendly, especially within the East African Community (EAC) and Southern African Development Community. Joint infrastructure projects in the former will promote integration while ties in the latter will be driven by trade interests. Meanwhile, the distraction caused by elections could keep much of Tanzania's attention away from the jihadist threat along its southern border with Mozambique, even as a strong history of security cooperation between the two countries is maintained.

Owing to historic Communist ties and China's appetite for mineral resources, Tanzania is likely to commence talks on a free-trade agreement with the Asian giant, aiming to be only the second such deal in Africa after Mauritius. But an economic partnership agreement with Europe will remain pending as diverging approaches in the EAC stall the talks.

This will continue to complicate relations with Kenya, which is still pushing the bloc to strike a deal. As a result, a subtle trade war between Tanzania and Kenya will endure – something the numerous joint commission meetings and heads of states summits are unlikely to solve due to an absence of goodwill on both sides.

Such tiffs with Kenya and low volumes of trade with Uganda mean Tanzania will continue to look even more to its southern neighbors for exports, especially agricultural produce. But sufficient rains across much of East and Southern Africa could see the market for Tanzanian produce diminish.



SOURCE: IMF

Delayed gas projects

A good year for agriculture usually means a good year for consumer prices. But Tanzania is unlikely to enjoy stability in the price of basic goods owing to high election spending that will likely drive a spike in inflation well above the target of 5%. Meanwhile, efforts aimed at diversifying energy sources, including tapping its own compressed natural gas to power vehicles, will likely pay off, resulting in increased usage of natural gas, especially in Dar es Salaam.

Generally, the economy will enjoy strong growth on the back of a steady power supply, high agricultural output, the construction sector riding on public investment and rebounding mining revenue helped by rising gold prices. However, foreign direct investment will be subdued as jittery investors maintain a wait-and-see approach towards the Magufuli administration. This may impact negotiations between government and oil companies in the huge liquefied natural gas development project, reducing the chances of reaching a deal this year. Relations with local investors have improved too; Magufuli replaced Tanzania Revenue Authority boss Charles Kichere with Edwin Mhede in June 2019 over complaints about the authority's management.

New entities betting on the potential of fintech to improve financial inclusion will look to enter the Tanzanian market. However, slow and rigid licensing processes at the country's central bank will frustrate them. In addition to going into fintech, Mohammed Dewji's firm MeTL is betting on the growth of the agricultural sector.

A second Magufuli presidency is likely to adopt an aggressive expansionary fiscal policy to finance large infrastructure projects, especially in his home region. As is tradition, there will be no tax hikes; being an election year, debt will be used to finance such projects.

Shrinking levels of transparency mean scrutiny of such projects will be minimal as the government maintains tight control of the traditional media. The government could launch a tax and other tools to gain even more control on social media, a move that will spark backlash among urban elites – but little from the rural folks where CCM enjoys much of its support. This year, the rural bloc of votes is the CCM's to lose; the urban one, the opposition's to lose. ●

What's mine is mine

President John Magufuli's tough stance on international investors has been on its starkest display in the mining sector. Arguing that the government gets a raw deal from mining operations, Magufuli has carried out a years-long conflict with the majority owners of the Acacia gold mine, Barrick Gold. Brandishing threats of gargantuan tax bills and shutting down operations, the government settled for a $300m payment and a bigger shareholding in three of Barrick's mines in a deal signed in October 2019. The drama sent chills throughout the Tanzania-focused investor community.

With the government claiming a big victory, it is still looking at how it can get more revenue out of the sector. It has passed new taxes and regulations for the mining industry, which require companies to give bigger stakes to the government and to process more of their ore locally.

It is cracking down on mineral smuggling and setting up state trading hubs to buy artisanal production. Tanzania's official gold exports were valued at $1.5bn in 2018, and the government estimates that nearly all of the annual small-scale production – estimated at 20tn in 2018 – is smuggled out of the country.

Investment is going ahead in some areas despite the government's focused attention on the sector. Australian firm Walkabout Resources is due to launch its Lindi Jumbo graphite project in 2020. ●

100 km
SOUTH SUDAN
Gulu
UGANDA
DEMOCRATIC REPUBLIC OF CONGO
KAMPALA
Jinja
KENYA
Mbarara
Lake Victoria
RWANDA
TANZANIA

Uganda

Museveni muscles onwards

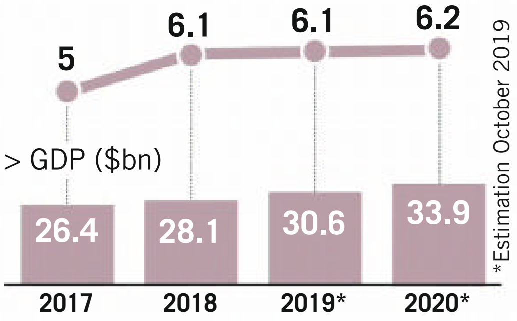
> Politicians are gearing up for what will be tough elections in 2021
> The launch of oil production has again been delayed, with the industry thrown into uncertainty

Uganda heads into what is expected to be a heated political campaign season, with President Yoweri Museveni – in power for the past 33 years – confronting growing levels of poverty in 2021. That is being exacerbated by a large youth unemployment problem, all of which have been amplified by messages from the new opposition stalwart Robert Kyagulanyi Ssentamu, who has yet to build up a political machine to take on the long-serving leader.

Museveni will spend much of next year traversing the country, seeking a sixth five-year term in office when elections get underway in early 2021. He is expected to use the campaign trail to diffuse the new forces of political opposition, which have been energised by the youthful Kyagulanyi and his People Power pressure group.

Museveni is also likely to field questions about a fragile economy, where poverty levels moved up to 21.4% in the financial year 2016/2017 – the latest year available – from 19.7% in 2012/2013.

> Population: **44.3 million**
> GDP per capita: **$770**
> Life expectancy: **60.2**
> Adult literacy: **70.2%**
> Inflation: **3.2%**
> Human development index (out of 189 countries): **162**
> Foreign direct investment: **$1.3bn**
> Last change of leader: **1986**
> GDP growth (%)



Investor fatigue

There are worries that public debt as a share of gross domestic product, at 42% – a short distance from the recommended East Africa Community ceiling of 50% – is further hurting the economy amid growing investor fatigue over the delays to kickstart the one industry that could vastly improve the situation: oil (see box). Despite the uncertainty about the sector's future, the government is going ahead with a new oil licensing round and it expects to award five new exploration permits before the end of 2020.

One of the strategies that Museveni is expected to use to navigate through these questions will be the introduction of a new cabinet, something that has been in the Kampala rumour mill for months. It is typical of Museveni to undertake a cabinet reshuffle during an election year to drop the old guard and whip up support for new government officials. A cabinet could have younger faces to appeal to the youth. Oppositionists continue to accuse Museveni of preparing a familial succession, with his son Muhoozi Kainerugaba eventually replacing him.

Throughout all this, the business community will likely hold off investment plans ahead of the election's outcome. One of the areas that investors will be keen to monitor is the security situation.

Uptick in violent crime

A number of high-profile assassinations in the past two years – such as the killing of assistant inspector of police Andrew Felix Kaweesi in 2017 and member of parliament Ibrahim Abiriga in 2018 – remain unresolved. While the police said that the crime rate in 2018 dropped by 5.2%, it adds that "there was, however, an increase in homicide, sex-related crimes, break-ins, robbery, political/media crimes and narcotic cases." If not checked, crime could scare away some tourists – the biggest source of foreign exchange earnings, at $1.4bn in 2018. A local driver and a US tourist were also kidnapped and later rescued from Queen Elizabeth National Park in April 2019. Museveni is calling for a strong government response and wants to see the death penalty used in murder cases.

The opposition camp is expected to jump on the ruling government's weaknesses to prove to the voters why there is a need for fresh leadership. Who, among the opposition, is expected to be the main challenger is a question both sides of the political divide will grapple with.

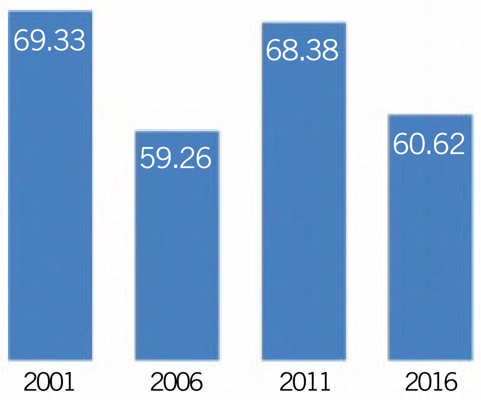
For the last year and a half, Kyagulanyi, also known by his musical stage name Bobi Wine, has taken the political scene by storm. Emerging from a ghetto in Kampala to become a popular music artist, he brings a fresh perspective to the political scene.

However, Kyagulanyi, who has already announced his intention to run for president in 2021, is not expected to have a smooth ride to getting his name onto the ballot paper. He has yet to make it clear if he will run as an independent or set up his own political party. He may also have a hard time managing schisms if he goes the party route and it has to select leaders to run for parliamentary seats.

And yet, Kyagulanyi's political ambitions could play into the hands of the ruling National Resistance Movement (NRM). In 2020, it will weigh whether Kyagulanyi will weaken the opposition by splitting the vote or be a threat to Museveni's candidature. For starters, while Museveni's main challenger over the last four elections, Kizza Besigye, enjoys countrywide support, he is likely to witness some backlash from voters who think it is time for fresh blood.

The NRM is set to point to new economic developments in the country as a sign of things working. Economic growth is being spurred by the services sector and a rebound in agriculture. The government-owned Uganda Development Corporation is backing a new sugar plantation at Atiak, in the northern part of the country, in partnership with businesswoman Amina Hersi's Horyal Investment Holding Company. The farm, on more than 24,000ha, is due to be operational in the first half of 2020.

MUSEVENI'S SHARE OF THE VOTE IN PRESIDENTIAL ELECTIONS



SOURCE: ELECTORAL COMMISSION OF UGANDA

Demographic challenges

The government sees the dairy industry as a big potential source of foreign exchange. It has set a target for the country to produce 3.3bn litres of milk in 2020, but it is far away from such a goal, having harvested just 1.6bn in 2016. Companies like Kenya's Brookside – owned by the family of Kenya's President Uhuru Kenyatta – have been upping their processing capacity and working with farmers to increase yields.

But the International Monetary Fund worries that the Kampala government is not doing enough to create more jobs for one of the continent's fastest-growing populations. It estimates that the economy must create more than 600,000 new jobs in order for Uganda to address its demographic challenges.

The government will remain focused on infrastructure development such as roads, which should continue enjoying the lion's share of the national budget. To boost tourism, the government relaunched Uganda Airlines in 2019 with a first flight to Nairobi. Analysts warn it will struggle to compete with Ethiopian Airlines, Kenya Airways and RwandAir, which all have big head starts on the Ugandan carrier. It is starting with a focus on the region and then is due to launch long-haul flights in late 2020 or 2021.

Among the critical infrastructure to look out for will be the coming on-line of the 600MW Karuma hydropower dam – the biggest in Uganda. Slated to be launched either in December 2019 or in the first quarter of 2020, the dam will bring the national electricity capacity to 1,700MW, helping to expand electrification and reduce tariffs.

But with a mismatch between generation and transmission, Umeme, the main power distributor, says Uganda needs to spend at least $120m over the next 10 years in the electricity network to be able to transport power from the dams and distribute it to consumers.

Tension with Rwanda remains high. Both Rwanda and Uganda accuse each other of infiltrating the other's security apparatus, which led to the temporary closure of the border and weakening of trade between the two countries.

Uganda is going ahead with plans for its own Chinese-built standard gauge railway to connect with the line on the Kenyan side that is due to be extended to the Uganda border. Chinese lenders have yet to approve the financing for the Ugandan project. ●

Oil deadlock

Uganda's oil production timelines have been pushed further back after a failed bid by France's Total and China National Offshore Oil Corporation to buy a 21.5% stake of UK firm Tullow's Uganda assets.

Uganda was expected to start oil production in 2022, 16 years after discovering commercial quantities. However, an amendment to Uganda's income tax law and a tax assessment on the $900m deal discouraged the oil companies from concluding a transaction that would have seen Tullow Oil's stake reduced to 11%.

The collapse of the deal in August 2019 further delays the signing of the final investment decision (FID), which is needed to unlock $3.5bn for the construction of a 1,445km heated crude oil pipeline between Hoima in Uganda's Western Region with the Chongoleani peninsula in Tanzania. Oil production is expected three years after signing of the FID.

Uganda has hedged so much debt for its infrastructure projects on oil that the delay to start oil production could have a substantial impact on the country's economy.

Tullow says it will initiate a new sales process to sell some of its Uganda interests. It may be a tough sell.

Tanzania, which is to host over 1,000km of the 1,445km crude oil pipeline from Uganda, is expected to push Uganda to strike a deal. ●

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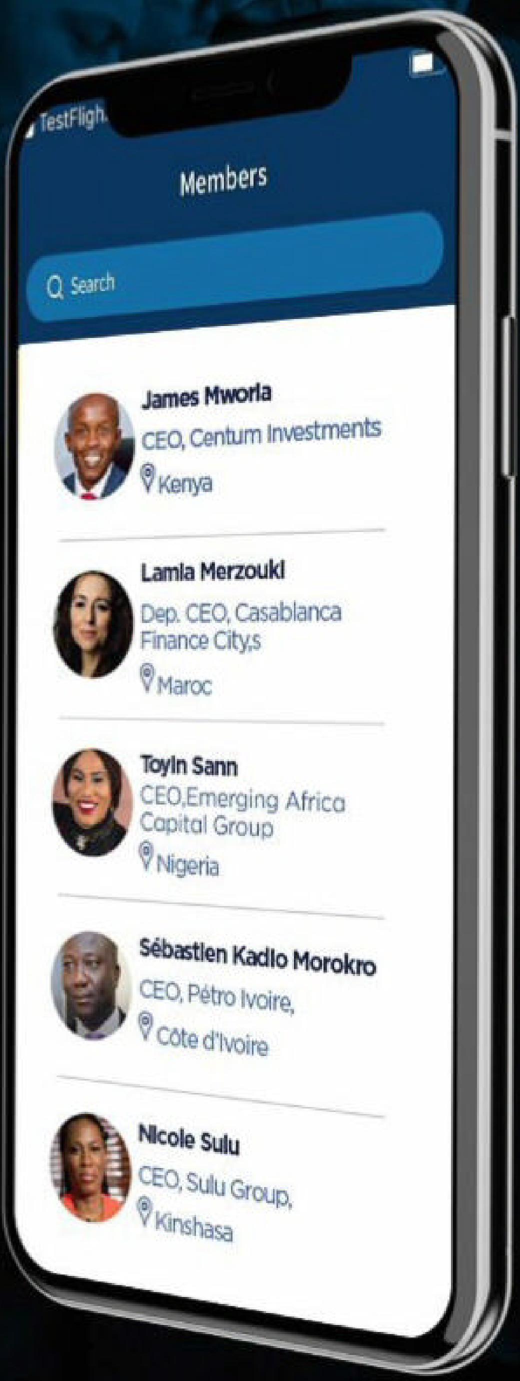

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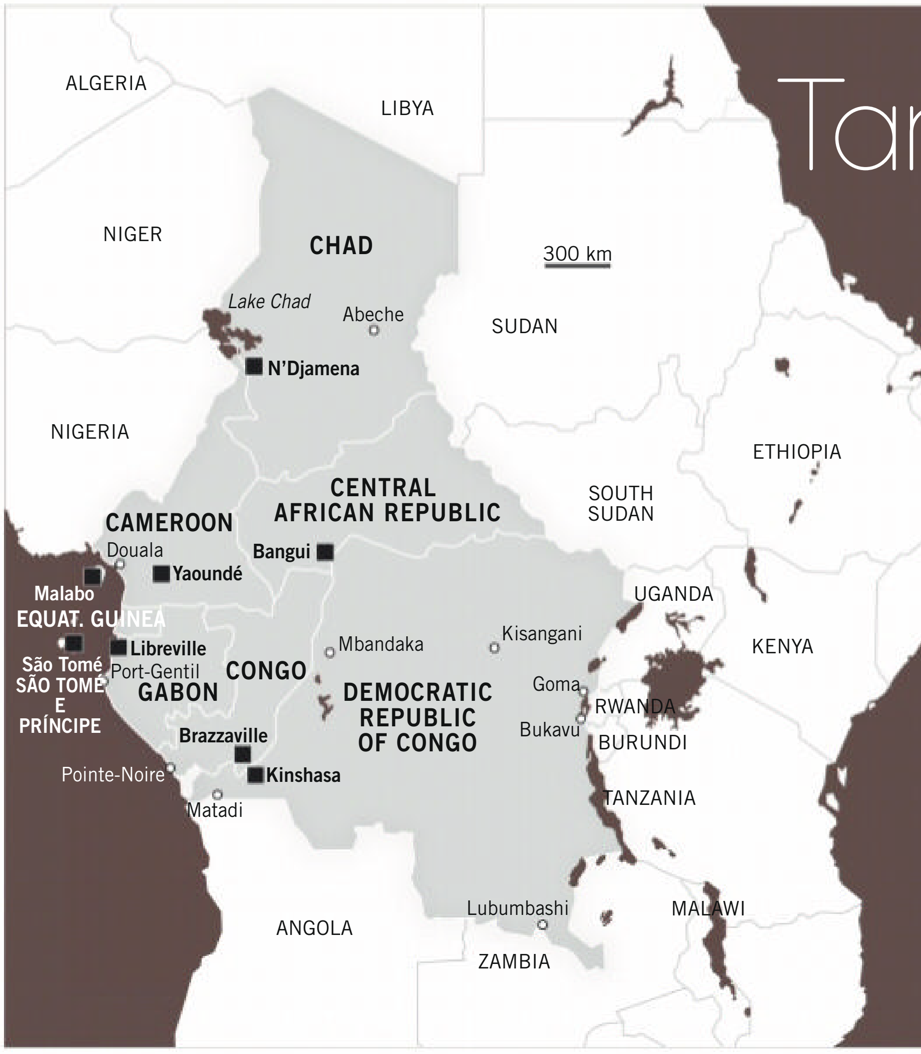
ALGERIA
LIBYA
NIGER
CHAD
300 km
Lake Chad
Abeche
SUDAN
N'Djamena
NIGERIA
ETHIOPIA
CENTRAL AFRICAN REPUBLIC
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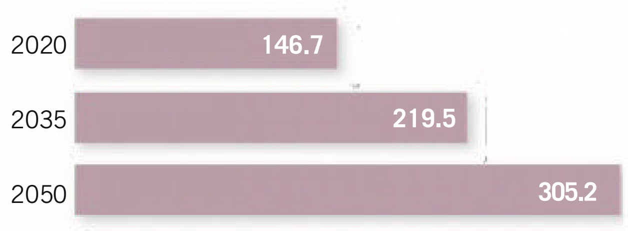
Matadi
TANZANIA
Lubumbashi
MALAWI
ANGOLA
ZAMBIA

Taming tensions

If the DRC's President Félix Tshisekedi and Rwanda's Paul Kagame are able to continue building up trust and working together in 2020 it may pave a way forward to peace in the restive region of eastern DRC and resolving a decades-old conflict that has caused massive displacement.

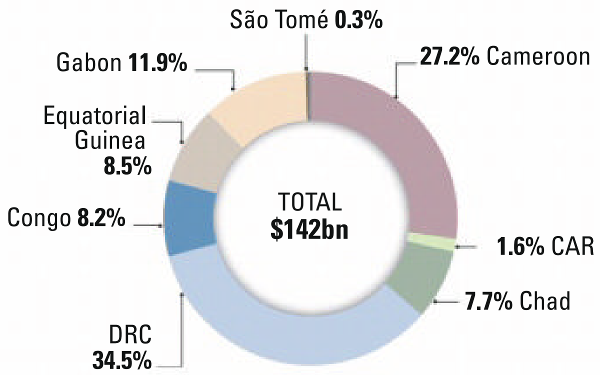
196 People to watch
198 Cameroon
200 Central African Republic
201 Chad
202 Democratic Republic of Congo
204 Equatorial Guinea
205 Gabon
206 Republic of Congo
207 São Tomé e Príncipe

CENTRAL AFRICA POPULATION
(millions)



SOURCE: UN POPULATION DIVISION

CENTRAL AFRICA GDP (2019)
(% of regional total)



SOURCE: IMF

11GW Inga III

The planned DRC dam has the biggest potential to boost the Central African region's electricity capacity, but its backers are squabbling and cannot yet agree on a way forward.

people to watch

BAUDOUIN MOUANDA

REPUBLIC OF CONGO

Martin M'beri

Mister mediator

An ally of President Denis Sassou Nguesso, Mbéri has the tough job of convincing the opposition – some of whose members remain in prison on unfair charges – that the government is serious about reforms ahead of elections planned for 2021. The United Nations, represented in Central Africa by special envoy François Louncény Fall, is encouraging the opposition to give dialogue a chance. Oppositionists want to see reforms of the electoral commission, more respect for freedoms of speech and association, and improvements in the Pool Region – which remains a fragile area after the 2017 peace deal between the government and the rebels of Pasteur Ntumi.

CENTRAL AFRICAN REPUBLIC

Sani Yalo

Adviser in the shadows

Sani Yalo knows how to stay influential: he has been an adviser to former presidents Ange-Félix Patassé, François Bozizé and Michel Djotodia – and he is a supremely close ally of the current president, Faustin-Archange Touadéra, despite having no official role. A supporter of Bangui's recent alliance with Moscow and a key financier of Touadéra's 2016 run, Yalo has been rewarded with a seat on the board of the *Bureau d'Affrètement Routier Centrafricain*, which regulates terrestrial freight transport for the landlocked country. The Equatorial Guinean government has accused Yalo of playing a role in a 2017 attempted coup there, but Yalo denies any involvement and has had Touadéra's protection from angry emissaries looking for someone to hold responsible.

Les Enfants DE LA REVOLUTION

MARCO LONGARI/AFP

CAMEROON

Gaston Abe Abe

Prisoner of conscience

Gaston Abe Abe, also known as Valsero, is Cameroon's most politically engaged rapper. That earned him the right to several months in prison alongside opposition leader Maurice Kamto in 2019 on trumped-up charges of 'rebellion'. Speaking for peers who were born in the 1980s, got university degrees and yet could not find jobs, he made it onto the scene with '*Ce pays tue les jeunes*' (This country kills its young). Having learned about politics from radical agronomist Bernard Njonga, Valsero – released from jail in October – is not ready to give up fighting for what he thinks is right.

DEMOCRATIC REPUBLIC OF CONGO

Joseph Kabila

Down but not out

With his allies in control of the prime minister's office and the national assembly, former president Joseph Kabila was preparing his political comeback in late 2019. His supporters in the *Parti du Peuple pour la Reconstruction et la Démocratie* are already campaigning for the 2023 election and belittling President Félix Tshisekedi, saying that his key government projects were launched by Kabila when he was in power. So far, Kabila's strategy to make life difficult for Tshisekedi is working. Tshisekedi promised donors that he would sweep away corruption of the bad old days, but he cannot do much without the buy-in of the Kabila clique.

JOHN WESSELS/AFP

GABON

Théophile Ogandaga

A new man at the gate

Ogandaga took up one of the most powerful – and precarious – positions in Libreville in late 2019. The new director of President Ali Bongo Ondimba's cabinet replaces the rising star Brice Laccruche Alihanga, who like Maixent Accrombessi before him built a reputation for being extremely influential and ambitious. With the economy weakened by an oil downturn and political infighting stoked by Bongo Ondimba's illness, the technocrat who recently worked at Olam – the Singaporean agribusiness with close ties to the Libreville government – is set to take a more low-key approach to being the presidential gatekeeper. But how long will he last and what will he achieve?

DEMOCRATIC REPUBLIC OF CONGO

Vital Kamerhe

In a negotiating haze

President Félix Tshisekedi's cabinet director has the thankless task of helping two parties that do not want to work together to agree on something. Under a cloud of controversy, Tshisekedi won the December 2018 president vote and resoundingly lost the legislative one, leaving him to rule in a coalition with former president Joseph Kabila. Nearly every important government decision that requires the executive and the legislative branches to agree now involves myriad rounds of horse trading, with Kamerhe at the centre of them. Less than a year into Tshisekedi's term, the alliance was already fraying as party cadres stoked confrontations. In 2020, eyes will be on Kamhere to see whether he will be able to bring everyone around the table or find a political advantage in conflict.

VINCENT FOURNIER/JA

200 km
CHAD
Garoua
NIGERIA
CAMEROON
CENTRAL AFRICAN REPUBLIC
Douala
YAOUNDÉ
Gulf of Guinea
EQU. GUINEA
GABON
CONGO

Cameroon

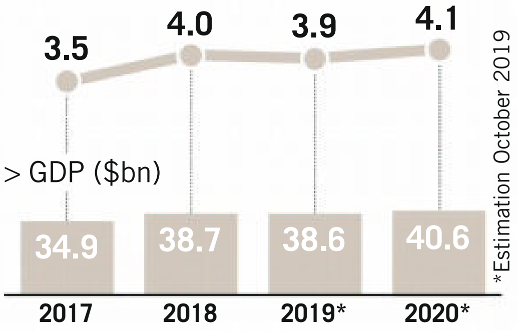
The search for solutions

> The government says decentralisation is the solution to the Anglophone crisis
> Help from the IMF and mining and gas projects should increase economic growth

The government of Cameroon has a major priority for 2020: to avoid the secession of the Anglophone regions of North-West and South-West. The country has been in a state of conflict for the past two years. The fighting between separatist rebels and the government's security forces has caused more than 2,000 deaths and displaced at least 500,000 people. President Paul Biya – 86 years old and in power since 1982 – convoked a national dialogue on the Anglophone issue from 30 September to 4 October. Prime minister Joseph Dion Ngute led the discussions, which resulted in several recommendations. The most important was that the government grant a special status to the two regions as part of a process dubbed “advanced decentralisation”.

The protests that launched the conflict related to the regions' rights to English-speaking legal and educational systems. The situation got worse as the government did not offer any concrete compromises and sought to avoid a federal system that would give regions a lot of autonomy. A minority of the population seemed to support secession, with more people asking for policies to reduce Anglophone marginalisation. It is not yet clear if the government is committed to making decentralisation effective and it is unlikely to appease the most radical secessionists. Weeks after the national conference ended, violence continued in North-West and South-West Cameroon. If the idea of decentralisation is just talk, the conflict looks set to continue.

> Population: **25.9 million**
> GDP per capita: **$1,514**
> Life expectancy: **58.6**
> Adult literacy: **71.3%**
> Inflation: **2.1%**
> Human development index (out of 189 countries): **151**
> Foreign direct investment: **$702m**
> Last change of leader: **1982**
> GDP growth (%)



Security fears for vote

A first test of whether the country is back on the road to stability will be the parliamentary and municipal elections that are planned for 9 February 2020. But the security situation, which is eating up much of the national budget, may not allow for the vote to be held in all parts of the country. While regional cooperation has weakened the Islamist rebels of Boko Haram somewhat, they are still able to stage attacks. They have become less frequent. One of the most recent, in September 2019, killed five members of the military in the region near Lake Chad.

Due to its repression of the opposition, the *Rassemblement Démocratique du Peuple Camerounais* (RDPC) is expected to win those elections. However, cracks are beginning to show as cadres look for someone to blame for the grinding Anglophone crisis and the recent economic slowdown.

Don't let friends become enemies

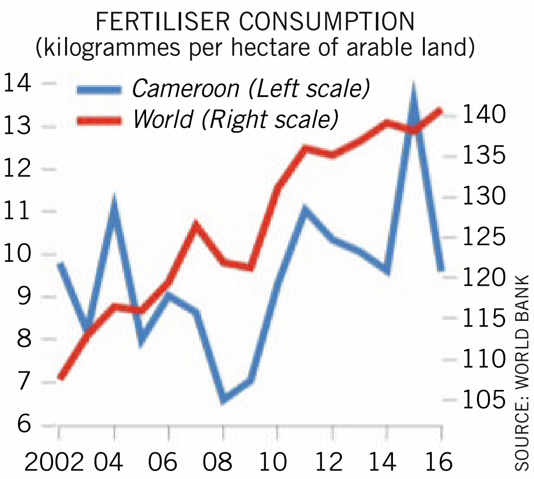
Biya often reshuffles the positions of his allies so that none of them can develop a strong base for the succession race. Someone who has had some longevity is secretary general of the presidency Ferdinand Ngoh Ngoh, who is a close collaborator of Biya's. He is also close to first lady Chantal Biya and avoids any public discussions of his political ambitions. His relationship is said to be poor with another RDPC baron, finance minister Louis-Paul Motazé, and relations within the party are due to become more combative as the race for the succession heats up in the months and years ahead.

The ruling party continues to use state repression to strengthen its role. After the contestation that ensued as part of the 7 October 2018 presidential vote, the government arrested oppositionist Maurice Kamto and some of his supporters from the *Mouvement pour la Renaissance du Cameroun* (MRC). After being charged with “rebellion” and other crimes, they were released from detention in October 2019 along with 333 people arrested as part of the conflict in the Anglophone regions. International human rights organisations regularly criticise the Cameroonian government's human rights abuses.

Cameroon's opposition has been weak and divided. The traditional leader of the opposition, the Social Democratic Front (SDF), did very poorly in the 2018 presidential vote under its new leader Joshua Osih. Its strongholds are in the North-West and South-West, where some politicians called for voting boycotts to express their dissatisfaction with Yaoundé. That has left the MRC, weakened by the arrests, as one of the strongest opposition forces. It took 14.2% of the 2018 vote, compared to the SDF's 3.4%

On the diplomatic front, France supports the Yaoundé regime. President Emmanuel Macron's government has offered the Yaoundé administration help in creating decentralisation policies and in financing the rebuilding of infrastructure destroyed by the fighting. On the other hand, Washington withdrew some of its military cooperation in February 2019, arguing that the Biya government is not protecting civilian populations, and also decided to remove Cameroon from the list of countries benefiting from the African Growth and Opportunity Act as of 1 January 2020.

The *Groupement Inter-Patronal du Cameroun* employers' association says the country's business climate is getting worse and company profits are on the decline. As a sign of this, e-retailer Jumia announced in November that it is closing down its Cameroon sales operations after years of generating losses. Jumia cited a lack of infrastructure as one reason for its decision.


FERTILISER CONSUMPTION
(kilogrammes per hectare of arable land)

SOURCE: WORLD BANK

Football glory postponed

The government says it will be spending on infrastructure in its 2020 budget and that should boost economic growth in the year ahead. Cameroon devoted a lot of resources to hosting the 2019 Africa Cup of Nations football tournament, which the footballing authorities withdrew from the country due to a lack of preparation. The country is now due to host the tournament in 2021.

The IMF, which has been helping the government to improve its economic management since 2017, predicts that growth will be modest, due in part to the weaker performance of the country's non-oil sectors. Growth of the oil sector is set to increase gradually (see box).

The year ahead should provide some clarity about which company will manage the crucial port of Douala. On 3 November, on the instructions of President Biya, the process of signing the concession contract awarded to the Swiss company TIL was suspended. This is likely to put an end to the legal proceedings initiated by the Franco-Danish consortium Bolloré-APM Terminals, which has been operating the container terminal for the past 15 years but was not on the shortlist of pre-qualified operators. A new call for tenders should be launched shortly.

The launch of operations at the deepsea port of Kribi, in the south, has raised hopes that the infrastructure could be built to support industrial-scale mining projects. But even miners in the northern part of the country have eyes on the new port in order to avoid the congestion at Douala. Small Australian miner Canyon Resources has plans to develop a bauxite mine with 550m tonnes of reserves at Minim-Martap. It could begin exports in 2024, but that depends on Portugeuse contractor Mota-Engil constructing a 130km super higway to link Kribi to the Camrail line at Edéa. Elsewhere, India's Jindal Steel and Power is now exploring for iron ore at Ngovayang and hopes that its programme will lead to commercial exploitable finds.

A major agriculture producer, the Cameroon Development Corporation, has been hurt by the developments in North-West and South-West Cameroon. Many of its plantations are there, and it has sacked about half of its 22,000 employees because of the insecurity.

Electricity production has been on the rise, which will support more economic growth in the years to come. In April 2019, the Memve'ele Dam added 80 of its eventual 211MW to the national grid. •

Cameroon's creaking oil sector

The fire at Cameroon's *Société Nationale de Raffinage* (Sonara) refinery in May 2019 contributed to the year's economic downturn. The fire caused the country's refining operation to shut down and forced it to import refined petroleum. This did not dampen the interest of some investors, however. Nigeria's Sahara Group, founded by Tope Shonubi and Tonye Cole, was in talks to buy Total's shares in Sonara. The firm has been losing money and Cameroon's ministry of finance became its major shareholder in late 2017 through a process of converting debt into equity. Having declared force majeure, Sonara could be shut down for at least two years. Many local banks have lent to Sonara, so its closure could have a big impact on the financial sector.

Oil production in Cameroon has been on a downward trend due to the lack of investment since 2014. To attract more activity, in 2019 the *Société Nationale des Hydrocarbures* (SNH) began promoting nine blocks in the Rio del Rey and Douala basins.

In 2020, economic growth is expected to increase slightly, thanks in part to the ramping up of production at the Hilli Episeyo floating LNG unit off of Kribi. In the first quarter of 2019, the government received 157.5bn CFA francs from the SNH. That was based on the country producing 8.1m barrels of crude, representing a 1.5% drop from the same period the previous year. •

300 km
CHAD
SUDAN
SOUTH SUDAN
CENTRAL AFRICAN REPUBLIC
CAMEROON
Berberati
BANGUI
DEMOCRATIC REP. OF CONGO

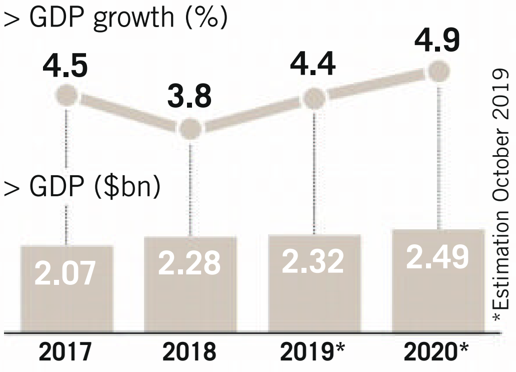
Central African Republic

Rebel gridlock

> Successive peace deals have not achieved their goals
> Russia is a crucial ally for the Bangui government, providing security help and diplomatic cover

Central African Republic's grinding political and security crisis has no immediate end in sight. In February 2019, the government signed a new peace agreement in Khartoum, Sudan, with the main rebel groups. But it has led to little progress on the ground, with rebel leaders still controlling 80% of the CAR's national territory. Acts of violence are sporadic and occur on an almost daily basis. Meanwhile, rebel leaders Noureddine Adam (*Front Populaire pour la Renaissance de la Centrafrique*), Ali Darassa (*Unité Pour la Paix en Centrafrique*), Mahamat al-Khatim (*Mouvement Patriotique pour la Centrafrique*) and Abass Sidiki (*Retour, Réclamation et Réhabilitation,* 3R) still enjoy de facto immunity. Rebel control of vast swathes of territory is also hurting the government's finances, as Bangui is dependent on customs fees and taxes, and armed groups prevent officials from collecting them.

> Population: **4.7 million**
> GDP per capita: **$447**
> Life expectancy: **52.9**
> Adult literacy: **36.8%**
> Inflation: **3%**
> Human development index (out of 189 countries): **188**
> Foreign direct investment: **$18m**
> Last change of leader: **2016**
> GDP growth (%)



The political class is already thinking about the next electoral deadline: the presidential election, the first round of which is scheduled to take place at the end of December 2020. President Faustin-Archange Touadéra is campaigning for his re-election but without officially announcing it. The opposition is trying to unite with the É Zingo Biani platform. Former national assembly president Karim Meckassoua, former prime minister Anicet-Georges Dologuélé and oppositionist Jean-Serge Bokassa are some of Touadéra's main challengers. They all ran unsuccessfully in the last elections and are targeting their criticisms on corruption and the government's management of the security crisis.

Narrow room for manoeuvre

Former President François Bozizé, in exile in Uganda, hopes to return. Sanctioned by the United Nations and subject to an international arrest warrant, he is the subject of a travel ban and his assets have been frozen. But the former general is working behind the scenes to obtain permission to return. Despite the sanctions, he managed to travel to Addis Ababa in 2018 to meet with Congolese Denis Sassou Nguesso, an influential figure in the Central African crisis.

In this context, Touadéra's room for manoeuvre is narrow. Since his election at the beginning of 2016, he has tried to multiply the number of diplomatic and security partners. At the end of 2017, he turned to Russia, to the relative detriment of France. Moscow, which today is one of Touadéra's main supporters, provides its ally in Central Africa with security help and arms, while safeguarding its economic interests, particularly in the mining sector. But Paris has not yet said its last word. It has hardened its diplomatic tone, complaining to Touadéra and some of his counterparts – notably Chad's Idriss Déby Itno – about the renewed Russian influence.

More aid and advice

The Bangui government has been able to finance its budget thanks to the support of international donors, led by the European Union. The country is coming to the end of its IMF programme and is in talks for three years of more aid and advice. Insecurity remains a major challenge for businesses, but the mining, forestry and construction sectors have been growing. However, the country remains extremely poor and those levels of growth are not enough to make a strong impact on poverty and development.

Russia, taking up the presidency of the Kimberley Process diamond governance institution, is lobbying for the CAR to have its partial diamond export ban removed. Exports are currently allowed mostly from western regions of the country, and Russian company Lobaye Invest is now exploring for diamond deposits. Russian officials claim that the ban on exports from the north and east, which are controlled by rebel groups, hurt poor Central Africans. There is a lot of smuggling, and in 2018, the country officially exported just 13,571 carats, as compared with 365,000 before the war in 2012. •

LIBYA
400 km
CHAD
NIGER
Lake Chad
SUDAN
N'DJAMENA
NIGERIA
Moundou
CAM.
CENTRAL AFRICAN REPUBLIC
SOUTH SUDAN

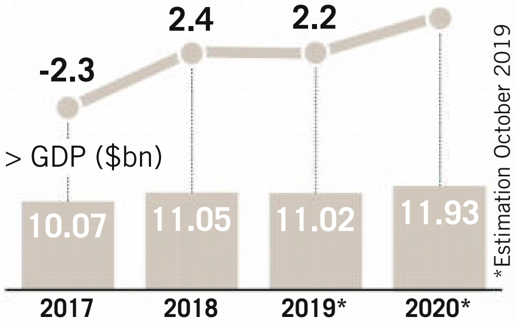
Chad

Stability at risk

> Security challenges come from Sudanese unrest, attacks by Boko Haram and rebels in the north
> Though suffering from high debt levels, the economy is gradually recovering

Despite many threats to Chad's stability, President Idriss Déby Itno seems to be holding down the fort. Strongman Déby closely watched the unrest in Sudan and the overthrow of President Omar al-Bashir on 11 April 2019. He also strengthened the presence of Chadian troops in the south in order to monitor the border with the Central African Republic, where he has lost influence due to growing Russian presence. On the western front, N'Djamena continues its armed struggle against Boko Haram alongside Nigerien, Nigerian and Cameroonian forces. Chad also supports strongman Khalifa Haftar in Libya, as the N'Djamena government faces rebel movements in the north.

- > Population: **15.9 million**
- > GDP per capita: **$861**
- > Life expectancy: **53.2**
- > Adult literacy: **22.3%**
- > Inflation: **3%**
- > Human development index (out of 189 countries): **186**
- > Foreign direct investment: **$662m**
- > Last change of leader: **1990**
- > GDP growth (%)



To take on external threats, Déby counts on France's unwavering support. French forces bombarded the positions of the Libyan-based *Union des Forces de la Résistance* rebels at the beginning of 2019. The central government, destabilised by inter-community conflicts in the eastern and northern provinces, is also dealing with internal threats. In August, the violence of these clashes prompted the government to establish a state of emergency in Sila, Ouaddaï and Tibesti. Parliament extended it until the end of the year.

Narrowing political space

Re-elected in April 2016, Déby will begin his 30th year in office in December 2020. At the end of June 2019, he carried out a ministerial reshuffle and strengthened his security team, appointing Mahamat Abali Salah as defence minister. Since the establishment of a fourth republic in 2018, oppositionists have denounced restrictions on political activity. The government banned demonstrations against austerity and shut down access to social-media networks for more than a year. The security sector eats up about a third of the national budget, and the government has been cutting spending to other areas due to austerity measures.

Parliamentary elections, which have been postponed since 2015, could take place in 2020. The government has justified these years of delay on security and financial grounds. The opposition is now calling for the vote to be delayed – after the government tried to rush it through before the end of 2019 – in order to implement reforms and better electoral management.

Succès Masra, leader of *Les Transformateurs*, who resigned from his position as an economist at the African Development Bank to enter politics, is calling for massive protests and an inclusive national dialogue about the country's problems. Masra is getting some support from traditional opposition leaders including Saleh Kebzabo, Mahamat Ahmat Alhabo and Joseph Dadnadji.

Austerity hits students

Heavily dependent on oil revenue, Chad is now gradually recovering from the sharp drop in oil prices and the debt contracted in 2014 through the Swiss trading giant Glencore. Having been rescheduled, that debt will be fully repaid in 2026, according to the IMF forecasts. The government's recent austerity measures have included the sacking of civil servants and the suspension of scholarships for students.

Oil prices have rebounded somewhat from their recent lows, and new fields are coming onstream. The country produced 42.2m barrels in 2018, and the government predicts that production will rise to 45.2m in 2019 thanks to the launch of China National Petroleum Corporation's Daniela field.The government's interest in economic diversification had not yielded results, and oil accounts for nearly 90% of Chad's exports. Poor transport, electricity and telecoms infrastructure are obstacles to doing business in Chad.

The sale of a 60% stake in state-owned *CotonTchad Société Nouvelle* in early 2018 to Singapore's Olam gave a boost to the cotton sector. Production had sputtered to just 17,000tn in 2016/2017, hurting the economy of southern Chad. Olam has started repaying some of the state's debts to producers in exchange for tax credits. This has injected much-needed funds into the sector. The country's goal is to produce 180,000tn for the 2019/2020 season. ●

400 km
Atlantic Ocean
CAM.
GABON
CONGO
KINSHASA
DEMOCRATIC REPUBLIC OF CONGO
CAR
SOUTH SUDAN
Kisangani
UGANDA
Goma
RWANDA
BURUNDI
TANZANIA
Lubumbashi
ANGOLA
ZAMBIA

Democratic Republic of Congo

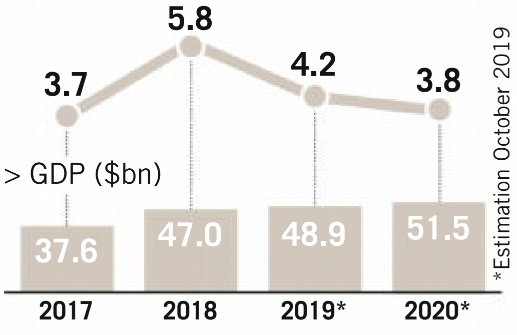
Tshisekedi's balancing act

> The president is having trouble dealing with the influence of his predecessor
> A downturn in mining activity is causing worries for the Kinshasa government

President Félix Tshisekedi's cohabitation with former president Joseph Kabila could be uncomfortable in 2020. Oppositionist Martin Fayulu, who maintains that he won the December 2018 presidential election, claims that Kabila and Tshisekedi reached a backroom quid pro quo in which Tshisekedi could become president and Kabila could have a strong role in government and protect the interests he developed while in power. Tshisekedi could try to build up his popularity in order to build a counterbalance to Kabila's legislative power and deliver on the type of governance changes that he campaigned on.

Tshisekedi is the leader of *Cap pour le Changement*, a coalition formed with Vital Kamerhe, who has become his influential cabinet director. It controls just 47 out of 500 seats in the national assembly, while Kabila's *Front Commun pour le Congo* (FCC) has an overwhelming majority in both houses of the legislature. Kabila's and Tshisekedi's camps finally agreed on a government in 2019 after months of fraught negotiations. FCC member Sylvestre Ilunga Ilunkamba was appointed to lead the first government of the Tshisekedi era as prime minister.

- > Population: **86.8 million**
- > GDP per capita: **$500**
- > Life expectancy: **60**
- > Adult literacy: **77%**
- > Inflation: **5.5%**
- > Human development index (out of 189 countries): **176**
- > Foreign direct investment: **$1.5bn**
- > Last change of leader: **2019**
- > GDP growth (%)



Old regime barons

So has there really been a break with the past? Tshisekedi succeeded in getting the strategic interior ministry and also the budget ministry. But many members of the government are from Kabila's camp. A large number of the old regime's barons were removed after intense talks, but Kabila still has control over key ministries such as justice, defence and finance. Political tensions could flare because Kabila has promised to soon make his return to the front lines of politics after taking a step back at the beginning of 2019.

Tshisekedi and Kabila could spar over several key issues: new appointments to the judiciary, the selection of new members to the *Commission Electorale Nationale Indépendante* and debates about mooted constitutional reforms. Tshisekedi will also have to deal with the tensions in his own entourage, where the power wielded by cabinet director Kamerhe is causing tensions.

On the other side of the political aisle, the opposition, working together in the Lamuka coalition, is struggling to get back into battle mode.

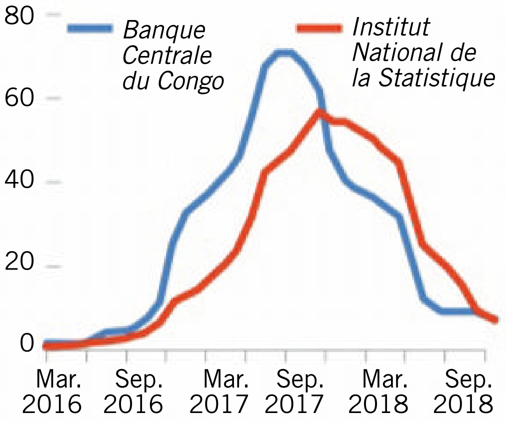
Reformist ambitions

Fayulu's camp insists he won at the ballot box and refuses to recognise Tshisekedi. Opposing these hardliners is the more moderate camp represented by former Katanga governor Moïse Katumbi. After falling out with the Kabila government and facing a series of trumped-up legal cases, he returned to the DRC in May after receiving his passport two months earlier following a decision supported by Tshisekedi. Katumbi is calling for a republican opposition and intends for his camp to participate in state institutions.

Between these two antagonistic positions, Jean-Pierre Bemba, another Lamuka leader, is staying discreet and acts as a mediator. But tensions are mounting. Katumbi plans to transform his platform *Ensemble pour le Changement* into a political party. Activists are asking two questions about the future: How long can Lamuka remain united? Will personal ambitions prevail over group dynamics? The coming year could lead to shifts in the opposition landscape.

Even facing a disunited opposition, Tshisekedi's reformist ambitions – marked by the number of promises he made during his election campaign – will be put to the test. President Tshisekedi will need a stronger economy to advance his reforms, including his key promise of free education. Tshisekedi's critics say that he has failed to deliver on pledges to improve people's daily lives – about 60% of the population lives below the poverty line – and instead has launched a bloated and expensive government. Kinshasa now has the largest administration since independence, with 67 ministers. The operating expenses of the new team are estimated by the *Observatoire de la Dépense Publique* at $737m per year. The budget for the coming year, which was being discussed as *The Africa Report* went to press, was due to be approved before 15 December and was estimated at $10bn after the initial budget seemed too small to make much impact.

INFLATION RATES
(year-on-year growth rates in percent)



SOURCE: INTERNATIONAL MONETARY FUND

The DRC's economic situation, which recorded a slight recovery in the last two years of the Kabila era, remains very unstable. With the sharp drop in cobalt prices and a slowdown in the wider mining sector, more economic actors are calling for the diversification of the Congolese economy. Agriculture and agro-industry have a lot of potential, but the Kabila government's plans for large-scale farms showed some of the problems with that growth model.

The authorities passed a new mining code in 2018 that was supposed to raise more revenue through higher taxes and royalties. So far it has yet to deliver that boost. It could help the private sector, if the government follows through on enforcing local content and sub-contracting regulations.

Weak infrastructure

After the price of cobalt fell 40% in 2019, Glencore announced in August that it was temporarily closing the DRC's Mutanda mine. But Swiss commodities trader Trafigura is not as pessimistic about the sector and announced a $450m investment in cobalt processing in October. Signalling other problems, Canadian miner Banro shut down some of its gold mines in eastern DRC for security reasons in September, declaring force majeure.

Chinese mining companies have been taking on a bigger role in the DRC. But they are not all full-steam ahead. In August, Huayou backed out of its plans to buy a stake in Canada's DRC-focused cobalt miner Lucky Resources.

Another Tshisekedi promise is to fight against corruption and to improve governance, which could help to reassure foreign investors. The DRC ranks 184th out of 190 countries in the World Bank's 2019 report focused on the ease of doing business.

The country has weak infrastructure, and its Chinese-backed mines-for-infrastructure deal has not been producing the results that were initially announced. Miners and other companies are seeking more electricity production, with miners alone saying that they need at least an additional 700MW. Many dams and other projects have been mooted, but they face problems raising financing and other delays.

One infrastructure project moving ahead is a long talked about bridge to link Kinshasa with its neighbouring capital, Brazzaville, by a bridge over the Congo River. In May, the African Development Bank came up with $210m in finance to get things moving.

Tshisekedi is now trying to win over the diaspora and the donor community. He is travelling frequently, attracting some criticism from civil society organisations. In addition to his numerous trips to the region's neighbours (see box), Tshisekedi has made trips to Belgium and France for exchanges with the European Union and meetings with the diaspora and with company executives. He also made several trips to the US to meet with the IMF and others, all in an attempt to reassure Kinshasa's international partners. ●

Peace in the east?

One of DRC President Félix Tshisekedi's main goals is to bring peace to the eastern region of the country, home to successive rebellions and local and foreign armed groups for more than 25 years. There are many challenges. The region hosts nearly 130 armed groups. The Ebola epidemic has complicated the government's security initiatives since August 2018, with more than 3,000 cases and 2,000 deaths. And finally, the demobilisation, disarmament and reintegration programme has reached its full capacity but not yet achieved what it was set up to do.

Tshisekedi is increasing the number of his trips to eastern neighbours Rwanda, Uganda and Burundi to discuss the problem of peace in the east. With his Angolan counterpart João Lourenço, he was involved in a mediation effort between Rwanda's President Paul Kagame and Uganda's Yoweri Museveni, who had maintained tense relations for several months amid accusations of support to armed rebel groups.

Kinshasa is counting on the United Nations (UN) mission in the country, MONUSCO, to support efforts for military collaboration between the DRC and its neighbours. Relations with MONUSCO have improved under Tshisekedi, as Kabila had asked the force to leave the country by 2020. The UN has been cutting MONUSCO's budget, and the operation is currently undergoing a strategic review. ●

MALABO
BIOKO
CAMEROON
Bata
Atlantic Ocean
EQUATORIAL GUINEA
50 km
GABON

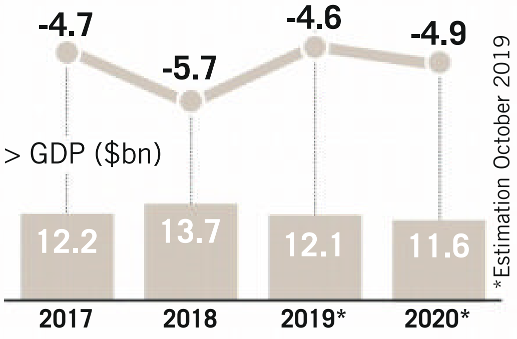
Equatorial Guinea

An oily mess

> The slow-motion succession seems on course for Teodorín to be president one day
> The downturn has been so strong that it has pushed the country into the arms of the IMF

Rule by the Obiang family in Equatorial Guinea is punctuated by the boom and bust cycle that the oil sector has brought since the discovery of the country's first barrels in the 1990s. President Teodoro Obiang Nguema Mbasogo, 77, celebrated 40 years in power in 2019 and shows no firm signs yet of how he will hand over to his preferred successor, his vice-president and son Teodorín Nguema Obiang Mangue. The next presidential elections should take place in 2023. With major infrastructure projects stopped in their tracks by the latest rout in oil prices, the government is now back to working with the IMF to boost transparency and cut waste until the price of oil rises again and swells the government's coffers.

> Population: **1.4 million**
> GDP per capita: **$8,927**
> Life expectancy: **57.9**
> Adult literacy: **ND**
> Inflation: **1%**
> Human development index (out of 189 countries): **141**
> Foreign direct investment: **$396m**
> Last change of leader: **1979**
> GDP growth (%)



With the Obiang clan in control of the government, Teodorín is taking increasing command of the security sector. That puts him in a strategic position to deal with any threats to him succeeding his father, either from within the security forces or from within his own family. Teodorín is said not to be on very good terms with his half-brother Gabriel Mbega Obiang Lima, who is the oil minister. The government has used a supposed December 2017 coup plot to crack down further, limiting access to social media and the internet.

Officially recognised opposition parties are struggling to compete with the ruling *Partido Democrático de Guinea Ecuatorial*. The opposition *Convergencia para la Democracia Social*, led by Andrés Esono Ondo, has no seats in the national assembly and complains of frequent intimidation from the security forces.

Honey, I shrunk the economy

Teodorín continues to be the subject of negative international legal and media attention because of his extravagant lifestyle. The Swiss authorities dropped an investigation into him for money laundering in early 2019, but they seized and auctioned off some of his cars in September – raising $29m, most of which will go to development projects in Equatorial Guinea. The Equatorial Guinean ruling party decries these moves as unfair intervention in the country's sovereign affairs.

The government's mismanagement of its oil revenue is having long-term consequences. During the good times, it spent on prestige projects, like the construction of the Ciudad de la Paz on the mainland – designed to replace Malabo as the country's capital. Because of the lack of government savings, the IMF forecasts that the economy will shrink every year until at least 2024. The IMF agreed to a three-year programme in October 2019. It wants to see the government produce better statistics and improve governance.

Diversification, but how?

Another key theme of the IMF deal is economic diversification, which the government has been talking about for years. Due to the small size of the Equatorial Guinean market and barriers to doing business with the wider Central Africa region, international investors have shown little interest outside of the oil and gas sectors. Agriculture and tourism are touted as having potential, but the government is wary of making it too easy for international visitors to spend time in the country. Claims that it wants to build a wall on the border with Cameroon began circulating in 2019.

Oil production has been declining due to lower returns from ageing fields. Average production was around 120,000 barrels per day in 2019. The government predicts this will rise to 145,000 in 2020 due to new fields discovered by US firms Noble Energy and Kosmos Energy that can be linked to other oil infrastructure already in place. Lima says the government is going to be tougher on companies that do not meet their investment requirements.

As *The Africa Report* went to press, a new licensing round was under way for 27 blocks, with contracts due to be announced in early 2020. There have not been any big new investments since the collapse of Ophir Energy's plans for the floating LNG platform at Fortuna in January 2019. ●

CAMEROON
100 km
EQUATORIAL GUINEA
LIBREVILLE
GABON
Port-Gentil
Franceville
Atlantic Ocean
CONGO

Gabon

Bongo and the great upheaval

> There are significant shifts in President Bongo Ondimba's inner circle
> The government hopes mining and oil will provide increased revenue

President Ali Bongo Ondimba was weakened by a stroke in October 2018. Since then Libreville-watchers have been asking about his political longevity and unity in the presidential camp. A failed coup attempt in January 2019 highlighted the uncertainty.

The largely oil-dependent economy has been buffeted by a cycle of boom and bust, and the government is on an IMF programme to streamline spending, reform public finances and raise more local revenue. The next presidential race is not until 2023, so the administration has some time to turn things around before facing a popular vote.

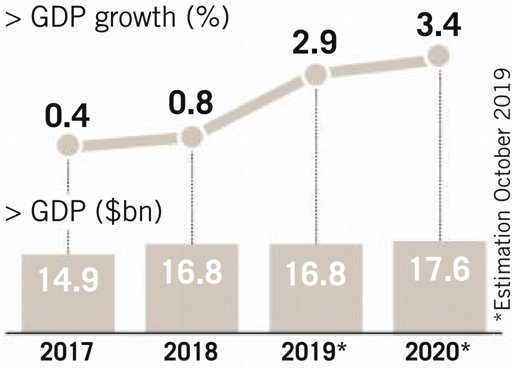
Many eyes in Libreville are on the palace intrigues of who is in and who is out from the inner circles of power. Cabinet director Brice Laccruche Alihanga was in the ascendant for much of 2019, sidelining his rivals and representing Bongo across the country. Like cabinet directors before him, Alihanga got a reputation for being very powerful and was then sidelined himself in October 2019, when he was named minister for human capital and sustainable development. Bongo opted for a technocrat to run the presidential engine room, Théophile Ogandaga, who previously worked at Singaporean agribusiness Olam.

Powerful barons

Ali Bongo Ondimba has increased his stays abroad, particularly in London, and focused on his convalescence. The leader followed the advice of his doctors, limiting his periods of work to the strict minimum and appearing in public only occasionally, mainly to calm the tensions arising from his absence.

The ruling *Parti Démocratique Gabonais* (PDG) is trying to show a united front while the opposition is struggling. Although – barring unforeseen events – the next presidential election will not take place until 2023, Gabonese political life revolves essentially around the internal quarrels of the PDG, some of whose barons, removed from the government, continue their careers in the national assembly. The institution could prove to be rebellious.

- > Population: **2.2 million**
- > GDP per capita: **$8,112**
- > Life expectancy: **66.5**
- > Adult literacy: **82.3%**
- > Inflation: **3%**
- > Human development index (out of 189 countries): **110**
- > Foreign direct investment: **$846m**
- > Last change of leader: **2009**
- > GDP growth (%)



Jean Ping, who after the hotly contested 2016 election still claims to be the president-elect, rarely breaks from his silence, apart from a few symbolic speeches. As for the other heavyweights of the opposition, such as Alexandre Barro-Chambrier (*Rassemblement pour la Patrie et Modernité*), Guy Nzouba-Ndama (*Parti Démocratique Gabonais*) and Zacharie Myboto (*Union Nationale*, UN), they have had little influence on political debates after the bitter defeats in the October 2018 legislative elections.

A new generation of oppositionists is preparing to take over. The UN is expected to hold a congress in the first half of 2020, at which Myboto is expected to hand over to a new leader.c

Oil exploration deal

Only the *Appel à agir* collective, led by lawyer Anges Kevin Nzigou and UN cadre Jean Gaspard Ntoutoume Ayi, have been effective in criticising the presidential camp. Throughout 2019, they demanded – without success – a medical examination for Bongo Ondimba, who they say is unable to carry out his duties.

Nevertheless, the government hopes to take advantage of this relative calm to continue its economic reform efforts as its IMF support comes to an end in 2020. Unemployment remains a concern, as does weakening purchasing power, so meagre growth is expected to continue. Electricity and transport infrastructure are two priority areas for government spending amidst the leaner times. But local businesses are suffering due to the state's slowness in paying what it owes to contractors.

The government is trying to make the mining and oil sectors more attractive to international investors, and Libreville launched new mining and oil codes in 2019. The government is running a bidding round for 35 offshore oil blocks and has signed its first new oil exploration deal in five years: two licences were picked up by Malaysia's Petronas. Oil minister Noël Mboumba hopes that production will rise from about 200,000 barrels per day currently to about 300,000 by 2021. ●

200 km
CAR
CAMEROON
GABON
REPUBLIC OF CONGO
Atlantic Ocean
BRAZZAVILLE
Pointe-Noire
DEMOCRATIC REP. OF CONGO
CABINDA (Angola)

Republic of Congo

Back from the economic brink

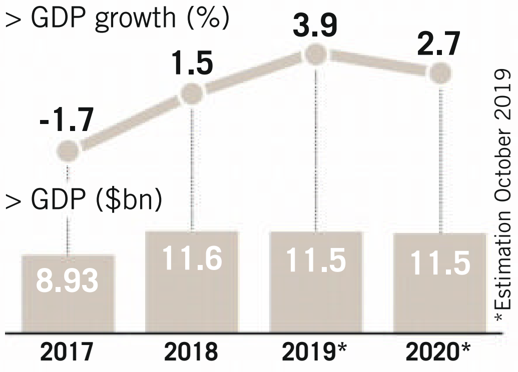
> With help from China and the IMF, Brazzaville now sees a better financial future
> The opposition remains weak and divided ahead of presidential elections in 2021

The Republic of Congo government enters 2020 on firmer financial footing after facing a dire downturn. The country, whose public finances have been severely shaken by the fall in oil prices, was finally able to sign a loan agreement with the International Monetary Fund (IMF) on 11 July. After two years of tough negotiations and revelations about major hidden debt with China and oil traders Glencore and Trafigura (more than $1.7bn), the Bretton Woods Institution granted Congo $448.6m over three years.

China also agreed on 29 April to restructure its Congolese debt, estimated at $3.2bn, or about 35% of Brazzaville's total debt, allowing financial assistance to be released. Following the IMF's decision, the country also received support from the African Development Bank ($440m), the World Bank ($280m) and France ($150m).

Public spending is an important driver of economic growth in Congo. The authorities managed during the lean years to cover the salaries of the massive civil service but are many months behind in the payment of pensions and student grants. The government has amassed significant debt to the country's business operators, estimated at $2.9bn.

- Population: **5.4 million**
- GDP per capita: **$2,534**
- Life expectancy: **65.1**
- Adult literacy: **79.3%**
- Inflation: **1.5%**
- Human development index (out of 189 countries): **137**
- Foreign direct investment: **$4.3bn**
- Last change of leader: **1997**



Lack of transparency

Despite the lower oil prices, the sector offers some promise. On 10 August, Congolese companies SARPD-Oil and PEPA announced the discovery of the onshore oil field called Delta de la Cuvette. The promoters say this area in the northern part of the country has an estimated production capacity of nearly 1m barrels per day, three times current national production, although analysts consider this potential to be overhyped. Other projects are coming on-stream to replace maturing fields, and the authorities predicted production would rise from 330,000 barrels per day in 2018 to 380,000 at the end of 2019.

The mismanagement and lack of transparency in the oil sector are in the headlines. Commodity trader Gunvor was found guilty in Switzerland of paying bribes in Congo, and the chief executive of Italy's Eni and his Congolese wife are under investigation in Italy for conflicts of interest in oil-related deals.

The IMF has a list of 48 measures that the government must implement by the end of March 2020. They include consolidating public finances, mobilising tax resources and controlling spending in order to reduce the country's debt to 70% of gross domestic product in three years, from 120% today. Despite the 5% growth expected by the authorities in 2019, the 2020 budget will still be restrained. Nevertheless, the government intends to give it a strong social dimension.

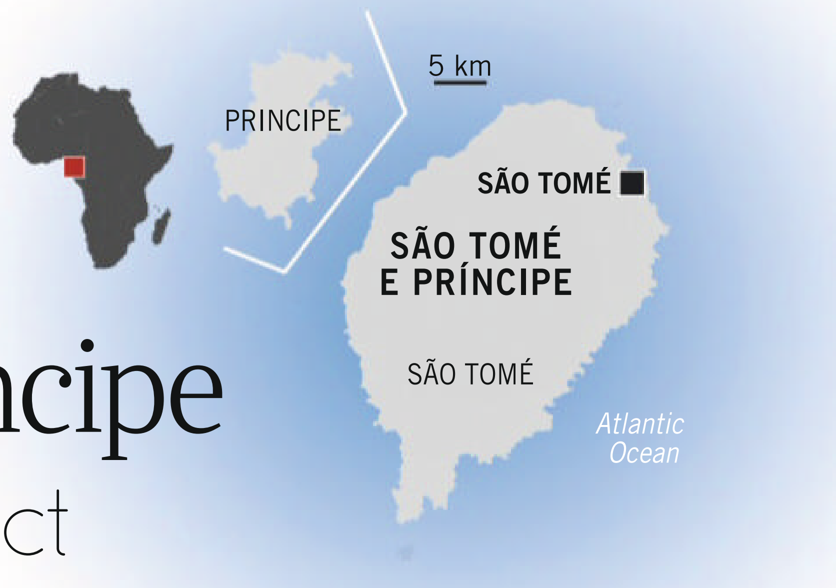
The political class is focused on the 2021 presidential election. Tensions are stirring in the ruling *Parti Congolais du Travail* (PCT), which is getting prepared for the campaign.

Opponents in prison

Some voices are calling for reforms while many others prefer the status quo. On the other side of the political arena, some of the numerous opposition parties are divided between 'official' and 'radical' wings. The opposition appears weaker than ever and is not able to profit from the splits within the PCT.

During the visit of President Denis Sassou Nguesso to Paris on 5 September, France's foreign affairs minister Jean-Yves Le Drian asked him "firmly" to release opponents held in detention, first and foremost General Jean-Marie Michel Mokoko, who officially came third in the 2016 presidential election. The opposition is calling for an inclusive national political dialogue, which the ruling party has so far refused.

In the restive Pool region, fighting has stopped and the government is due to carry out a disarmament, demobilisation and reintegration programme for former combatants. Community consultations have identified the lack of employment as one of the main drivers of the conflict. But so far, the government has not been delivering the finance necessary to support the former fighters. •



São Tomé e Príncipe

Bom Jesus's balancing act

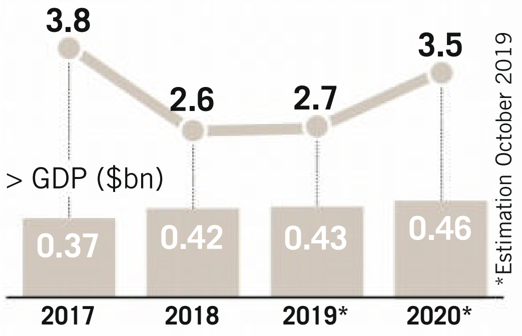
> The governing coalition rests on slim foundations and could collapse if MPs change sides
> There are few prospects for a big growth spurt, and education and health are pressing needs

Social democratic prime minister Jorge Bom Jesus heads into 2020 facing the expectations of São Tomé's impoverished population and having to deal with the economic problems left by his predecessor. Bom Jesus has a very slim parliamentary majority, so he will have to work to keep his coalition partners onside.

The governing *Movimento de Libertação de São Tomé e Príncipe–Partido Social Democrata* won just 23 seats in the October 2018 legislative elections, compared to the centre-right *Acção Democrática Independente* (ADI)'s 25 seats. Bom Jesus was able to get five other members of parliament on his side in order to form a government. He is the head of government and Evaristo Carvalho of the ADI is the largely ceremonial president. While their cohabitation is not always cordial, Bom Jesus is at an advantage because the ADI is tearing itself apart.

After his failure to form a governing coalition, former prime minister Patrice Trovoada left the country and suspended his functions in the ADI. His party, already divided, chose a new leader in the form of Agostinho Fernandes in May 2019. The election was contested by several party officials who remained loyal to Trovoada. As a sign of the deep divisions undermining the ADI, Trovoada's supporters re-elected him in his absence to head the group at the end of September. The ADI now, therefore, has two antagonistic presidents.

- > Population: **215,000**
- > GDP per capita: **$1,933**
- > Life expectancy: **66.8**
- > Adult literacy: **90.1%**
- > Inflation: **8.8%**
- > Human development index (out of 189 countries): **143**
- > Foreign direct investment: **$17m**
- > Last change of leader: **2018**
- > GDP growth (%)



Drastic measures

The current government accuses the former prime minister of hiding a relatively huge public debt, estimated at more than $70m. The IMF, which had already expressed concern about the country's over-indebtedness, said in August that unbudgeted expenditures under the previous administration had led to overspending equivalent to 5% of GDP in 2018.

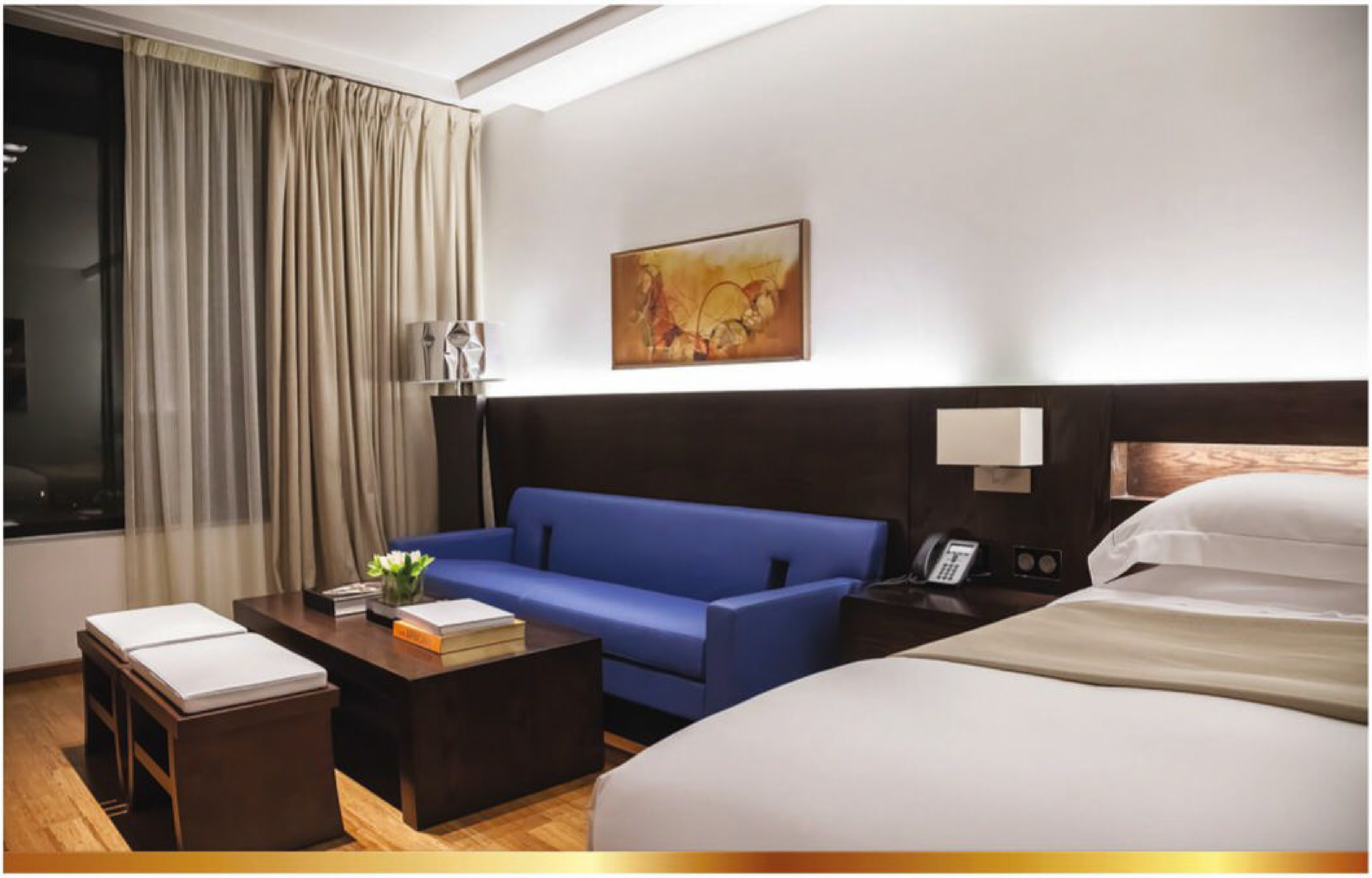
Prime Minister Bom Jesus plans to take drastic measures to get out of this troubling financial situation. To consolidate its finances, the government has committed to improving its tax revenue by introducing a new value-added tax, which could come into force in 2020. In the short term, the economy is set to record only moderate levels of growth. The government and the IMF signed a new programme in October worth $18.2m that includes plans to cut spending and improve the management of the energy sector. The government subsidises the loss-making utility *Empresa de Água e Electricidade* (EMAE), which relies on thermal power plants, and the IMF is pushing for a big focus on green energy.

Switch to China

The government also has to deal with the high expectations of the electorate, who are calling for significant improvements, particularly in health, education and sanitation. A third of São Toméans live on less than $1.90 a day, according to recent World Bank estimates. Bom Jesus regularly reminds his team that he will not hesitate to overhaul his government if they do not prove effective.

Several São Toméan governments have had big hopes for oil discoveries that never panned out. After the disappointing exploration activity in the joint zone managed by São Tomé and Nigeria, the optimism has turned to the waters of the country's exclusive economic zone. In November, supermajor Shell signed a farm-in deal for Blocks 6 and 11.

There was similar posturing about São Tomé's switching of diplomatic recognition in favour of China. By abandoning Taiwan, the government hoped to get major Chinese financing for a multipurpose port at Fernão Dias. The government said in early 2019 that talks were very advanced, but as *The Africa Report* went to press no deals had been signed. Chinese backing for a housing project and the modernisation of the international airport, however, are moving ahead. Another infrastructure project going ahead is the $21m rehabilitation of the capital city's coastal road, financed by the World Bank and other donors. ●



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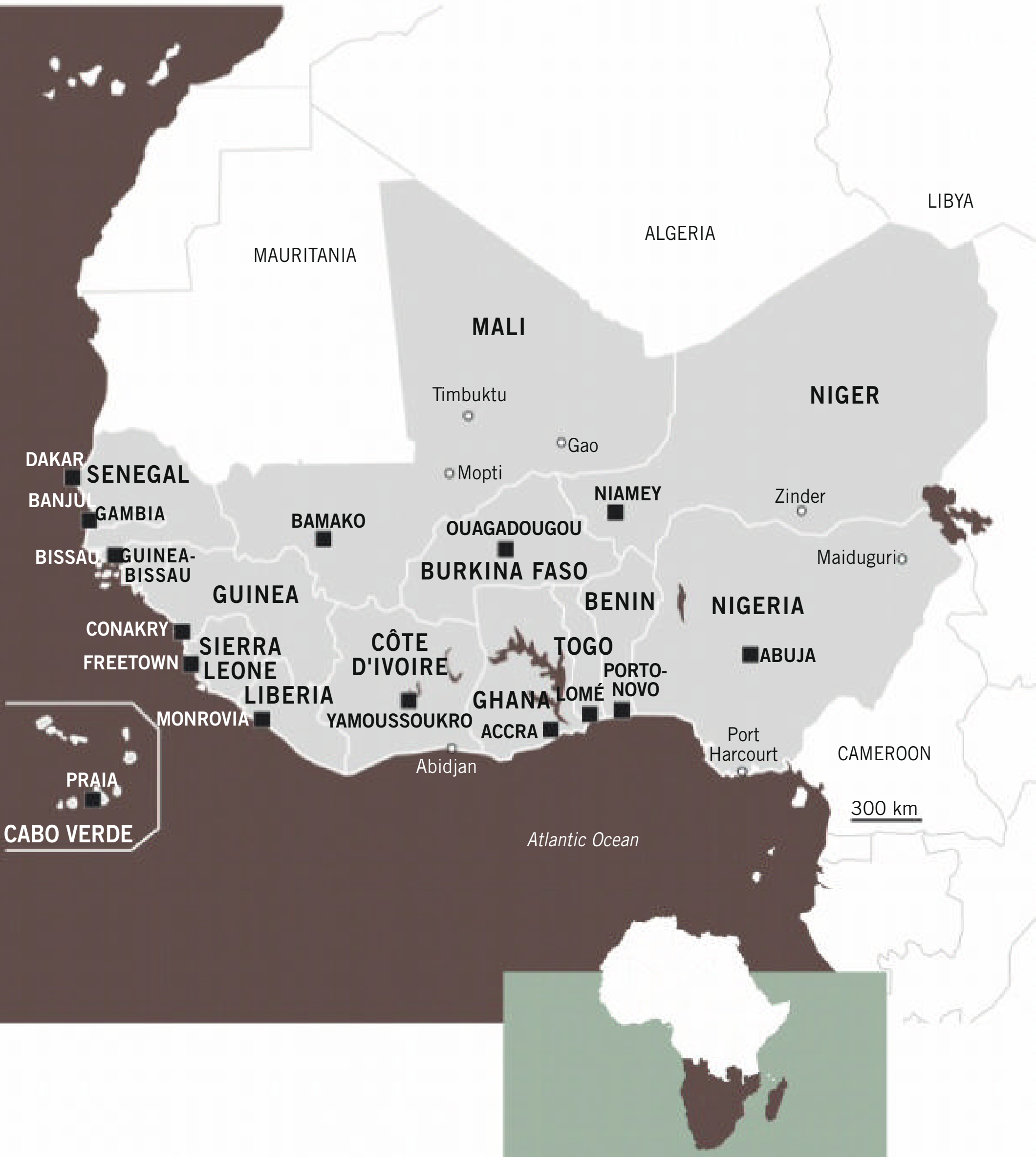
West Africa

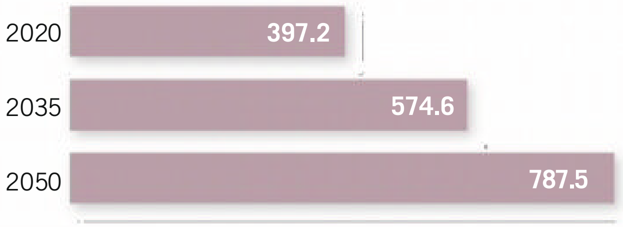
Integration of nations

So many challenges are in the way of greater political and economic cooperation in West Africa: from the Nigeria/Benin border closure dispute to the terrorist threat in Burkina Faso and the Malian government's inability to stop spiralling ethnic violence.



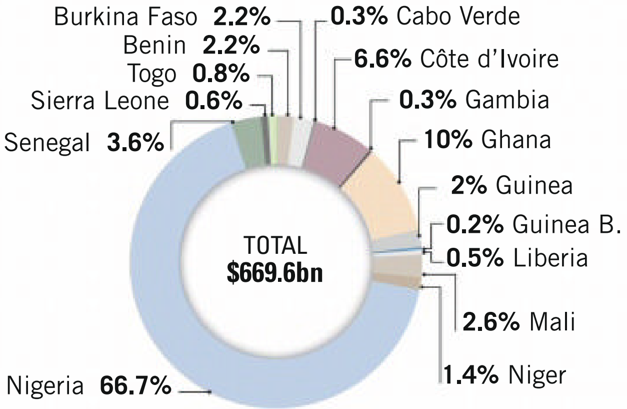
MAURITANIA
ALGERIA
LIBYA
MALI
Timbuktu
Gao
Mopti
NIGER
Zinder
Maiduguri
DAKAR
SENEGAL
BANJUL
GAMBIA
BISSAU
GUINEA-BISSAU
BAMAKO
GUINEA
CONAKRY
FREETOWN
SIERRA LEONE
LIBERIA
MONROVIA
CÔTE D'IVOIRE
YAMOUSSOUKRO
Abidjan
OUAGADOUGOU
BURKINA FASO
NIAMEY
BENIN
TOGO
LOMÉ
PORTO-NOVO
GHANA
ACCRA
NIGERIA
ABUJA
Port Harcourt
CAMEROON
PRAIA
CABO VERDE
Atlantic Ocean
300 km

WEST AFRICA POPULATION
(millions)



SOURCE: UN POPULATION DIVISION

WEST AFRICA GDP (2019)
(% of regional total)



SOURCE: IMF

2020 target

ECOWAS has committed to launching the Eco regional currency, some 20 years after initial plans for it were announced. Analysts predict it will again be postponed.

210 People to watch
212 Benin
213 Burkina Faso
214 Cabo Verde
215 Côte d'Ivoire
217 Gambia
218 Ghana
220 Guinea
221 Guinea-Bissau
222 Liberia
223 Mali
224 Niger
225 Nigeria
227 Senegal
228 Sierra Leone
229 Togo

people to watch

NIGERIA

Zainab Ahmed

Making money work

As policy-makers grapple for influence over Nigeria's economic future, finance minister Zainab Ahmed was not only reappointed but also picked up the budget and planning portfolios when President Muhammadu Buhari combined two ministries, making her this government's 'super-minister'. The Buhari administration is tasked with boosting national production and preparing the country to better deal with oil downturns by generating more revenue from other sources. While seeing how the government can coordinate fiscal and monetary policies, Zainab – an accountant by profession – has also been involved in plans to introduce new taxes and to expand the tax base by making sure more companies and workers pay their fair share. None of that will be an easy ask.

LUKE MACGREGOR /BLOOMBERG VIA GETTY IMAGES

A. RYUMIN/TASS/ABACAPRESS.COM

LIBERIA

Jewel Howard Taylor

A problematic partner

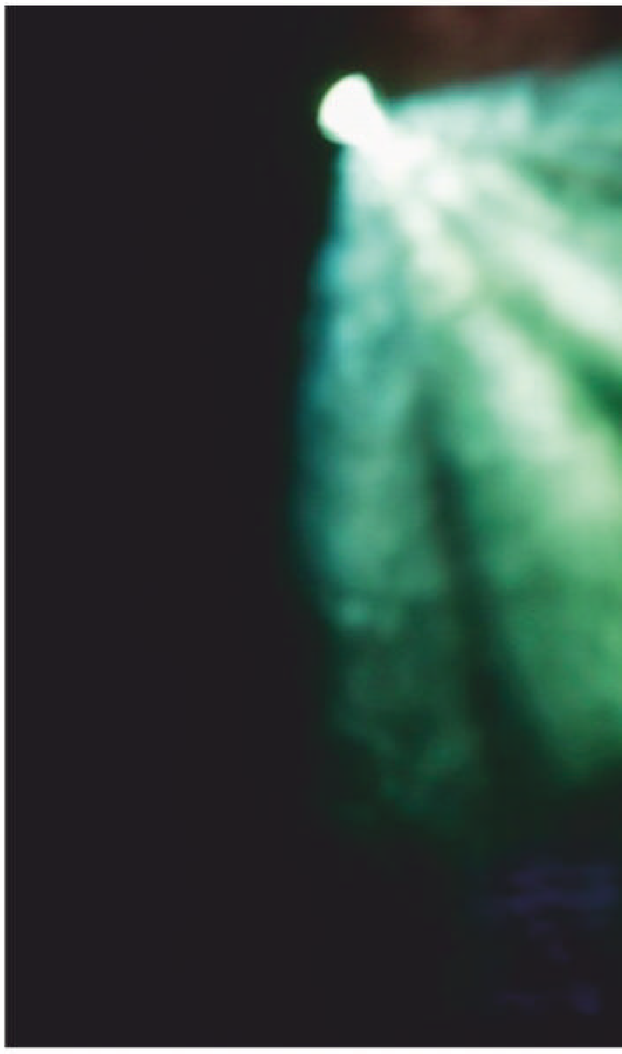
The fortunes of the vice-president and former wife of warlord Charles Taylor are declining, especially with President George Weah's surprise September 2019 announcement of his backing for a truth and reconciliation commission and a war and economic crimes court. Many members of Howard Taylor's National Patriotic Party (NPP), which was the ruling party for much of the civil war, will be targeted. She helped Weah to victory in the 2017 presidential election through the support of the NPP, but the party has criticised people around Weah and she has been in trouble with the courts for administrative overreach. Monrovia's rumour mill said Weah suspected her of involvement in June 2019's 'Save the State' protests, which accused him of corruption and neglecting the poor people who voted for him.

NIGERIA

Akinwumi Adesina

Another high-five?

On the back of a record increase in the African Development Bank's capital base approved in October – rising 125% to $208bn – Akinwumi Adesina is in a strong position to win a second term as Bank president in 2020. Nigeria's former agriculture minister has been seeking to shake up the bank's operations since he was elected in 2015 and has been focusing its operations on the 'High 5 Agenda', which is centred on electrification, agriculture, industrialisation, regional integration and social development. Non-African shareholders were the biggest obstacle to raising the capital, so Adesina will be campaigning as a leader who fights for the continent's interests.



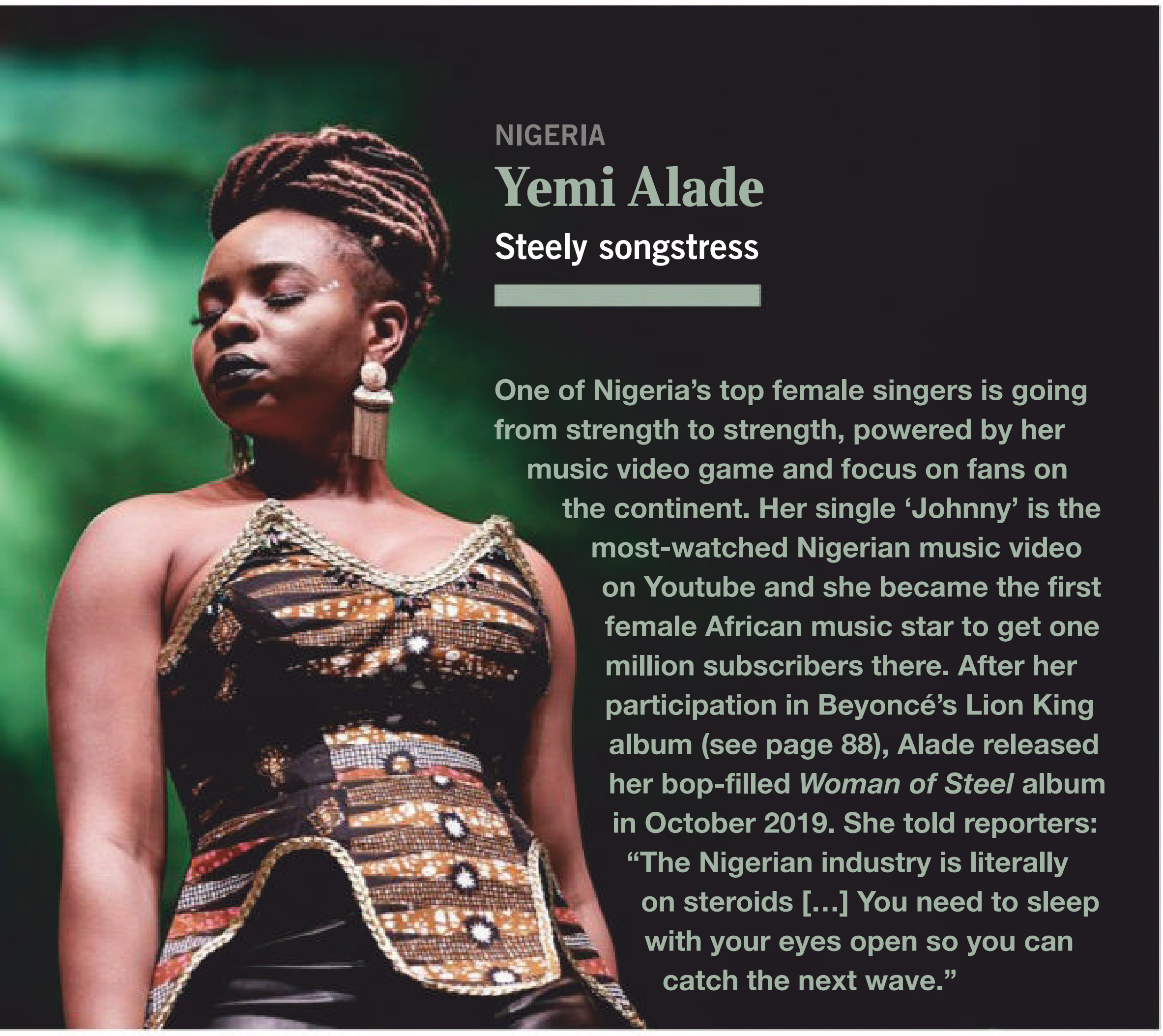
CÔTE D'IVOIRE

Guillaume Soro

Rebel-rouser

Former national assembly president and *Forces Nouvelles* rebel leader Guillaume Soro has broken off with his former allies in government and is making a solo run for the presidency in 2020. With years of conflict not far from people's minds, Soro told *The Africa Report* in November: "My country Côte d'Ivoire is in danger of burning again" due to the machinations of President Alassane Ouattara's *Rassemblement des Houphouëtistes pour la Démocratie et la Paix* to remain in power. With none of the major parties likely to win a majority of the vote in the first round, the ability to make an alliance should be key in determining who gets to run the country for the next five years. But one potential spoiler is the fact that Soro is wanted on an international arrest warrant for his role in a coup attempt in neighbouring Burkina Faso in 2015.

ISSAM ZELJI/TRUTHBIRD MEDIAS FOR JA



NIGERIA

Yemi Alade

Steely songstress

One of Nigeria's top female singers is going from strength to strength, powered by her music video game and focus on fans on the continent. Her single 'Johnny' is the most-watched Nigerian music video on Youtube and she became the first female African music star to get one million subscribers there. After her participation in Beyoncé's Lion King album (see page 88), Alade released her bop-filled *Woman of Steel* album in October 2019. She told reporters: "The Nigerian industry is literally on steroids [...] You need to sleep with your eyes open so you can catch the next wave."

GULSHAN KHAN/AFP

GHANA

Ken Ofori-Atta

A bird in the hand…

As the country prepares for elections in 2020, finance minister Ken Ofori-Atta will face unprecedented demands for spending. Will he hold the taps tight or splash out the cash to help President Nana Akufo Addo win re-election? The Accra government only recently ended its IMF programme, which helped it to overcome the problems caused by the previous round of loose spending, and now has years of oil- and gold-backed growth on the horizon. In the meantime, Ofori-Atta is still working on revenue-raising plans, which include a minerals fund IPO, but not much has been heard about the planned $50bn issue of 'century bonds' discussed in 2018.

BURKINA FASO
BENIN
Parakou
TOGO
NIGERIA
GHANA
PORTO NOVO
Cotonou
150 km
Gulf of Guinea

Benin

Leaving the turbulence zone

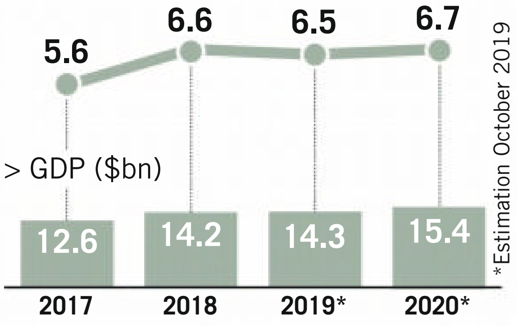
> The government's optimistic growth projections may be complicated by Nigeria closing its border
> The opposition complains Talon is using powers of incumbency to make political competition less fair

The year ahead is set to be one of recovery after the turbulence of 2019. Organised without any opposition parties able to participate, the April legislative elections were marked by violence that left several people dead and plunged the country into an unprecedented crisis. Oppositionists decry what they call President Patrice Talon's creeping authoritarianism. He convoked a national political dialogue on 10 October, but it did little to calm political tensions and many parties were not involved. Local and municipal elections planned for March 2020 will again test Benin's democratic credentials. Without any seats in parliament, the opposition now do not have any seats on the body that oversees the electoral register, which they say is open to manipulation.

Only a few weeks after the elections, two French tourists were kidnapped in Pendjari Park in the north of the country. French special forces rescued them on 10 May. This event undermined the core of the *Programme d'actions du Gouvernement* (PAG, launched in 2016), of which tourism is one of the driving forces. A third snag occurred on 20 August, when Nigeria decided to close its land border with Benin, which derives 20% of its gross domestic product from trade with its neighbour. Nigeria's President Muhammadu Buhari is trying to boost rice production and fight against smuggling.

These jolts have not affected the authorities' confidence. The 2020 budget is on the rise – 2trn CFA francs, compared with 1.9trn in 2019 – as is the growth outlook.

> Population: **11.8 million**
> GDP per capita: **$1,216**
> Life expectancy: **61.2**
> Adult literacy: **32.9%**
> Inflation: **-0.3%**
> Human development index (out of 189 countries): **163**
> Foreign direct investment: **$208m**
> Last change of leader: **2016**
> GDP growth (%)



Major projects delayed

In 2019, growth in the commodities sector, driven mainly by cotton, reached nearly 6%. The 2018/2019 season produced a record of 678,000tn. The construction sector (25%) and water and power sectors (8%) are due to produce strong results. The 120MW Maria-Gléta power plant is soon due to come onstream. In July, France's Total signed a deal with the Beninese power utility to construct a re-gasification plant for liquefied natural gas imports that should be operational by 2021.

Two years before the next presidential elections, scheduled for 2021, in which it is still unclear whether Talon will participate, the authorities are pushing to accelerate the implementation of the PAG. Priority reforms on land, small and medium-sized enterprises and infrastructure are expected, as well as the creation of the *Caisse des Dépôts et Consignations* investment vehicle.

Not all PAG projects are progressing as quickly as expected. Several major projects, such as the new airport and the extension of the port of Cotonou, have been delayed, often due to lengthy feasibility studies or difficulties in mobilising the necessary private funds. Their construction is expected to start by the end of 2020.

Challenge to diversify economy

Clarity on another major infrastructure project is expected in 2020. A disputed contract to build a railway between Benin and Niger pits Bolloré Group against Africarail. An arbitration decision is due to be handed down next year. A regional project that is moving more rapidly is China National Petroleum Corporation's nearly 2,000km of pipeline to link Niger's oil fields at Agadem to Benin's Seme port.

Another challenge for the authorities is to further diversify the economy in order to reduce the country's dependence on Nigeria. It is on the government's agenda, but it still needs to be put into practice.

Finally, Benin's relative economic health will also depend on the improvement of the political and social climate, which has been largely affected by Talon's poor governance. A large part of the opposition has chosen to go into exile to escape investigations deemed to be politically motivated. One of its main figures, former president Thomas Boni Yayi, left the country for treatment after being held under house arrest for several weeks. Although very weakened, the opposition has not yet said its last word. •

MALI
NIGER
OUAGADOUGOU
BURKINA FASO
Bobo-Dioulasso
BENIN
GHANA
TOGO
CÔTE D'IVOIRE
100 km

Burkina Faso

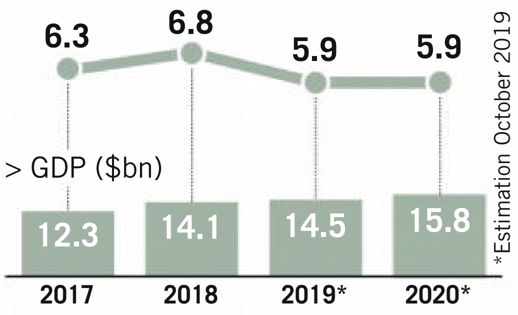
Tearing at the seams

> Presidential and legislative elections will take place in October
> ECOWAS heads of state promise to help the country fight against terrorism

Roch Marc Christian Kaboré, elected in October 2015 after a period of political transition, promised to promote national reconciliation and an economic recovery. But the priorities of its five-year term changed when Burkina Faso, until then perceived as an island of stability in the Sahel, was hit by terrorist attacks.

The January 2016 attack, which targeted places frequented by expatriates in Ouagadougou, marked an important turning point. Attacks have since increased to the point that the state's authority has been eroded in northern and eastern areas of the country. The government launched one of its biggest and most deadly offensives in August 2019.

> Population: **20.3 million**
> GDP per capita: **$717**
> Life expectancy: **60.8**
> Adult literacy: **34.6%**
> Inflation: **1.1%**
> Human development index (out of 189 countries): **183**
> Foreign direct investment: **$480m**
> Last change of leader: **2015**
> GDP growth (%)



Inter-communal violence has also been spreading. Since 2015, more than 600 people have died in attacks and 500,000 have been displaced. This security crisis is taking place against a regional backdrop where terrorism is affecting several countries. With Kaboré at the head of the G5 Sahel force (which includes Burkina Faso, Mali, Mauritania, Niger and Chad) in 2019, the grouping has been seeking more donor finance. The decision by the heads of state of the Economic Community of West African States (ECOWAS), taken at the Ouagadougou summit in September 2019, to contribute to the war effort both financially and in military terms should help frontline countries like Mali and Burkina Faso.

In politics, 2020 will be marked by presidential and legislative elections in October. But observers are already concerned that they may not be able to take place throughout the country.

New constitution

Another major expected event is the new constitution, which should limit the number of presidential terms to two – whether or not they succeed each other – as well as rebalance powers within the government and repeal the death penalty. The review of the electoral code and the implementation of provisions to allow members of the diaspora to vote for the first time will also occupy the public debate.

Once taboo, the question of Blaise Compaoré's return from exile in Côte d'Ivoire, where has been since his overthrow in October 2014, is now being raised beyond his supporters' circles. His political party *Congrès pour la Démocratie et le Progrès* argues that it has a strong chance to return to power, due to the disenchantment under Kaboré. He will also face a challenge at the ballot box from opposition leader Zéphirin Diabré.

To breathe new life into his five-year term before the next election, Kaboré appointed a new government in January 2019. At its head is the economist Christophe Joseph Marie Dabiré. Kaboré has also made major changes in the security apparatus and has entrusted the defence ministry to one of his relatives, Chérif Sy. The state of emergency, declared in December 2018 in several provinces, remains in force until January 2020 and could be extended again.

Free health care

Despite a difficult political and security context, Kaboré will be able to campaign on the progress made in the field of health – in particular the free health care for pregnant women and children under five years of age – and infrastructure. According to the World Bank, Burkina Faso's medium-term outlook looks strong, supported by services and the mining sector, as well as exports like cotton. But insecurity is hurting mining activity too. An attack on a convoy for Canada's Semafo in October killed nearly 40 people and led firms to dial back activity and increase spending on security. The think tank International Crisis Group warns that jihadists and other armed groups are using gold to finance their activities.

Elsewhere, Bobo-Dioulasso will be home to a new 30MW solar power plant to be completed by France's Africa Ren in 2020. And in September, the World Bank and Ouagadougou signed a $200m financing deal to strengthen agricultural production. •

CABO VERDE
WINDWARD ISLES
Atlantic Ocean
LEEWARD ISLES
PRAÏA
50 km

Cabo Verde

Firing up the tourism engines

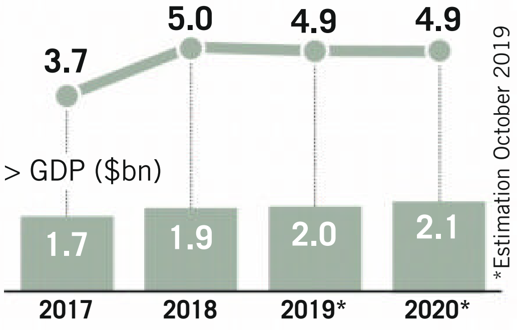
> Political parties are gearing up for elections in 2021
> The government is privatising loss-making parastatals to address its high levels of debt

With just over a year to go before legislative elections scheduled for 2021, the government of Prime Minister Ulisses Correia e Silva is taking stock. The former mayor of Praia won the most recent vote almost four years ago, in March 2016, under the colours of the *Movimento para a Democracia* (MpD), a liberal party.

In the same year, President Jorge Carlos Fonseca, supported by the MpD, was re-elected for a second and final term. While it is certain Fonseca will step down from his largely ceremonial position due to the constitution's term limits, the MpD and Correia e Silva will seek a new parliamentary majority, competing against the *Partido Africano da Independência de Cabo Verde* (PAICV). In order to prepare for this electoral contest, the MpD will hold a congress in February 2020, at which Correia e Silva will seek to be reappointed as head of the liberal formation with no other strong contenders in the race.

To convince voters again, the MpD is relying on the economic growth figures. Over the past two years, GDP growth picked up again. But the national debt remains sky-high; it was due to drop slightly to 119% of GDP in 2019 and is restraining government spending on some priority sectors.

> Population: **0.6 million**
> GDP per capita: **$3,598**
> Life expectancy: **73**
> Adult literacy: **86.8%**
> Inflation: **1.2%**
> Human development index (out of 189 countries): **125**
> Foreign direct investment: **$100m**
> Last change of leader: **2016**
> GDP growth (%)



Attractive destination

Tourism, which accounts for almost a quarter of GDP, is in good health. More visitors are taking in the archipelago's beautiful landscapes: arrivals increased by 7% in the second quarter of 2019. Among the main countries of origin are the UK, Portugal and France. The government has exempted EU and UK citizens from visa requirements and introduced an airport tax of €31 ($34) in its place.

To spur more growth, the authorities are counting on an expansion of air connections and also intend to make each of the archipelago's 10 islands attractive tourism destinations. The goal is to attract 1 million tourists within two years, compared with some 700,000 in 2017.

The government is also rolling out plans for the São Vicente Special Maritime Economy Zone. It is counting on finance from the China Development Bank to develop the project.

To give other parts of the economy a chance to grow, the MpD is focusing on strengthening the private sector and reducing debt. One of last year's major issues was the restructuring of the national airline TACV, whose annual losses were unsustainable. In March 2019, Loftleidir Icelandic, a subsidiary of the Icelandair group, signed a contract with Praia to acquire 51% of TACV's capital. The privatisation of loss-making water and electricity utility Electra is planned for 2020.

Vulnerable to climate change

But not all sectors are doing as well. Agriculture, which employs nearly 15% of the population, remains deeply affected by the 2017 drought. More broadly, the archipelago is extremely vulnerable to the impacts of climate change. *Aquasun Energia e Água* announced plans for a $25m agriculture project in September that will include a solar power plant and water desalination plant.

Another point of concern is the poverty rate, which Praia has been unable to reduce. The authorities also have to deal with the strong demand for improved maritime transport links between the islands, the difficulty Cape Verdeans face in finding jobs and shortcomings of the health system.

The opposition PAICV says that it is best placed to deal with the country's social problems. It will hold a congress at the beginning of 2020 to prepare for the 2020 municipal elections, the date of which has not yet been set. These will provide a test prior to the legislative and presidential elections in March-April 2021. Will the PAICV leader, Janira Hopffer Almada – the first woman to head a political party in Cabo Verde – be the party's candidate once again? As *The Africa Report* went to press, she had not yet announced her intentions. ●

MALI
BURKINA FASO
GUINEA
CÔTE D'IVOIRE
Bouaké
200 km
YAMOUSSOUKRO
LIBERIA
Abidjan
GHANA
Gulf of Guinea

Côte d'Ivoire

Barons at the ballot box in 2020

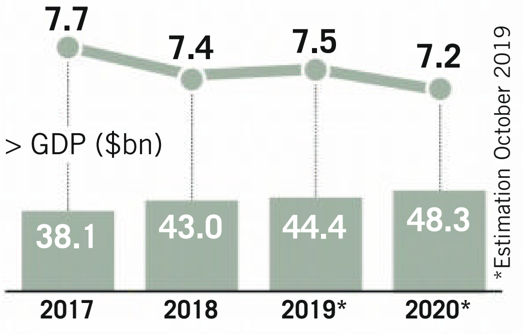
> Ouattara, Bédié and Gbagbo could return to the polls again in next year's presidentials
> The post-conflict economic boom is delivering growth that, so far, has had little impact on poverty

The elections planned for October 2020 are likely to be the most fraught since the disputed polls of 2010. That vote resulted in a post-election crisis that killed 3,000 and analysts are asking if such tensions could be repeated.

The same three men from 2010 want to hold the fate of the country in their hands. President Alassane Ouattara, Henri Konan Bédié and Laurent Gbagbo are making and remaking their alliances. Since the death of Félix Houphouët-Boigny in 1993, they have been presidents of the republic - except for a brief interlude between 1999 and 2000. At 78, 85 and 74 years of age, respectively, none of them have ruled out being a candidate. As he completes his second term, Alassane Ouattara is creating uncertainty. After the constitutional amendment adopted in 2016 that limits a president to two terms, he asserts that he has the right to stand for re-election.

Whether Ouattara is himself a candidate or another from his party is chosen, the representative of the *Rassemblement des Houphouëtistes pour la Démocratie et la Paix* (RHDP) will be able to campaign on a strong economic record. Since 2011, growth has averaged more than 8% per year. The International Monetary Fund has welcomed its "resilient economy despite a worsening regional economic environment."

> Population: **25.7 million**
> GDP per capita: **$1,691**
> Life expectancy: **54.1**
> Adult literacy: **43.9%**
> Inflation: **1%**
> Human development index (out of 189 countries): **170**
> Foreign direct investment: **$913m**
> Last change of leader: **2010**
> GDP growth (%)



Building frenzy

Many big projects are going ahead. On the infrastructure front a lot of attention is focused on Abidjan. In October, the government awarded China Railway International Group the contract to expand Abidjan's international airport, giving it the capacity to handle 5 million passengers per year. It is also a sign of a diversification of economic partners, with French firms typically winning major contracts.

The government and French construction firm Bouygues agreed on the financing details for the building of the economic capital's first metro line, which will link northern and southern parts of the city. It is expected to launch operations in 2022. A fourth Abidjan bridge, to link the business and administrative neighbourhood of Plateau to the residential area of Yopougon, is due to be completed by August 2020.

A building boom is underway, and the government is bankrolling the construction of 60,000 new housing units. The country's cement producers have an annual production of about 6m tonnes and welcomed a new competitor, Turkey's Limak Africa, in September 2019. It launched a new 1m tonne unit in the PK24 industrial zone of Abidjan that it plans to hike up to 4m in the years to come. Works to expand and modernise the port of Abidjan are ongoing, with traffic rising there each year.

Gold in decline

To diversify the economy away from agriculture, the government wants to see more activity in mining and manufacturing. More and more cocoa (see box) and cashews are being processed locally. The boom in cashew activity was set to deflate slightly in 2019, with an estimated harvest of 730,000tn, down 4% on 2018. In 2018, just 70,000tn was processed in Côte d'Ivoire. Working with Singapore's Olam and other companies, the government has set a medium-term goal to boost local processing to 107,000tn.

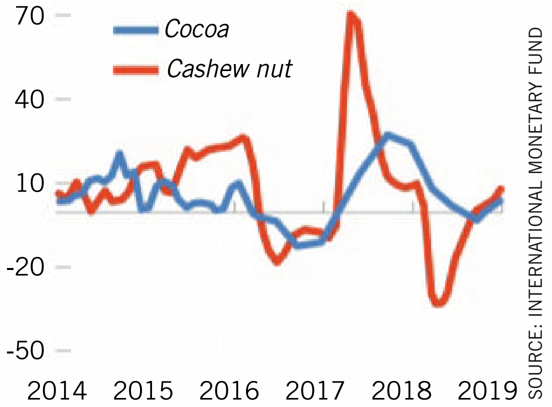
The gold sector, however, is in decline. In 2018, national production dropped by 3.6%, reaching 24.5tn. But Canadian miner Endeavour and others have expansion plans, and the government predicts that production will rebound in 2020 to 30tn.

Despite the generally good economic performance, the Ivorian authorities know that they still have to meet the challenge of spreading the benefits of growth. With the protest movements by soldiers in 2017 and recurrent strikes by civil servants, social discontent is high. According to the United Nations Development Programme, nearly half of Ivorians – 46% – still live below the poverty line.

The government has launched a vast social programme for the poor and middle classes. Health, education and housing are the areas it is targeting to concretely improve the living conditions of Ivorians. It has so far selected 12 projects and spent 727.5bn CFA francs. The government is seeking help from donors for a 'Marshall Plan' for Abobo, an impoverished northern neighbourhood of Abidjan.

Prime minister Amadou Gon Coulibaly, who often prefers to stay out of the spotlight, is in charge of the overall programme. This close and loyal Ouattara collaborator since the 1990s appears to be his preferred for the upcoming presidential election, should Ouattara not run himself. However, this technocrat faces tensions within the governing party and questions about his popularity. His allies are not visibly concerned and are confident that they can rely on the efficiency and organisation of the RHDP.

COCOA AND CASHEW NUT PRODUCTION
(year-on-year percent change)



SOURCE: INTERNATIONAL MONETARY FUND

Out for revenge

An ally of Ouattara's since 2005, Bédié has broken his alliance and plans to run for the presidency again. In mid-2018, the president of the *Parti Démocratique de Côte d'Ivoire* (PDCI) refused to participate in the creation of a unified RHDP party. Two decades after being driven from the presidential palace by the military, he is looking for his revenge.

To achieve this goal, the "Sphinx of Daoukro" began a rapprochement with his long-time rival Gbagbo in July 2019. Although they remain ideologically far apart, the two men have agreed to fight side by side in their battles for the presidential elections. Joint meetings between their two parties, the PDCI and the *Front Populaire Ivoirien* (FPI), were held to demand a new electoral administration and a reform of the independent electoral commission. This key election body, although reformed, is still not a consensual body.

Although he retains a strong symbolic influence, Gbagbo still cannot directly influence Ivorian politics. His acquittal on 15 January 2019 by the International Criminal Court (ICC) came as a surprise and seemed like it could lead to his rehabilitation. He had been prosecuted for more than seven years for war crimes and crimes against humanity. Nevertheless, the decision of Fatou Bensouda, the ICC prosecutor, to appeal forced him to remain in Brussels, where he has resided since his release. It seems unlikely that the appeal procedures will be completed before October 2020, and therefore it is unlikely that the former socialist president will be able to return to Côte d'Ivoire before the presidential election. If he is back in time, can he run for office? If not, will he call for a boycott of the election, support a candidate or call on supporters to vote for a candidate of a friendly party?

Within this 'anyone but Ouattara' branch of the opposition, another politician is trying to make his mark. A former president of the national assembly and former close associate of Ouattara, Guillaume Soro broke with the Ivorian president in order to be a candidate in October 2020. He has set up many support groups and is seeking to create his own political party.

While the governing party asserts that it is not afraid of this former partner, the former rebel leader continues to threaten to destabilise the country. Weapons caches are still present, many munitions are in circulation and the army, which distinguished itself in 2017 by mutinies, is poorly controlled by the government. The security situation has deteriorated in some parts of the country due to violent inter-community conflicts. There are also worries about the spreading influence of jihadist groups, with rebels maintaining a stronghold in northern Burkina Faso. •

Chocolate does not always bring cheer

A strategic question on the eve of a presidential election in Côte d'Ivoire is the purchase price of cocoa from farmers. The world's largest producer has 120,000 certified farms, but it is estimated that there are actually 800,000 and that nearly a third of the population depends directly or indirectly on the sector. In October 2019, the government announced a 10% increase for the 2019-2020 campaign to 825 CFA francs ($1.40). It is a long way from the 1,000 CFA francs set in 2015, just before Alassane Ouattara's election for a second term and the 1,100 that the Ivorian president was calling for at the start of the year.

The year 2017 was an *annus horribilis*. The collapse of world cocoa prices and the failure of several buyers to pay plunged the sector into crisis. Côte d'Ivoire has decided to take more control and strengthen cooperation with Ghana. In 2019 the two countries, which account for about 60% of world production, launched an unprecedented battle with other market players. In June they issued an ultimatum, demanding a floor price of $2,600 per tonne from buyers or risk suspending sales of the 2020-2021 harvest. That did not work out. Nevertheless, after tough negotiations, they obtained a surcharge of $400 per tonne. Côte d'Ivoire also plans to stabilise its production at 2m tonnes in 2020, down from 2.2m tonnes in 2018. •

SENEGAL
Atlantic Ocean
GAMBIA
BANJUL
SENEGAL
50 km

Gambia

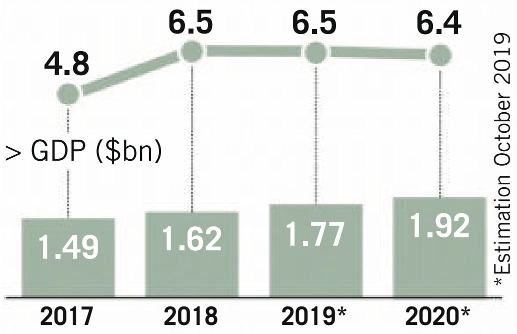
Choppy transition

> With fewer allies, President Barrow is likely to have tougher times as he heads to the polls in 2021
> The economy has been growing strongly due to public investment and growth in tourism and agriculture

Mired by political infighting, Gambia's post-Jammeh transition continues to be slow in delivering tangible benefits to the population. The year ahead will test President Adama Barrow's political nous, as he fights off former allies who are disappointed that he has jettisoned a deal to step down in December 2019 after a three-year transitional period. The government is reforming troubled state-run companies and is in talks with creditors on deals for debt relief, which would give some breathing room from heavy debt repayments that are a hangover from the regime of dictator Yahya Jammeh.

The seven political parties in Coalition 2016, which brought Barrow into power, are in disarray. Barrow lost the support of his biggest ally, the United Democratic Party (UDP) in 2019. Despite its majority in parliament, Barrow sacked all the UDP's cabinet ministers and party leader Ousainou Darboe, who was his vice-president. Barrow says that he will not respect a 2016 deal that he would step down in December 2019, hold new elections and not run again until 2024. This spurred the formation of the 'Three Years *Jotna*' (Three Years Are Up) movement, which plans to launch major street protests on 19 December, the date when Barrow was due to resign.

> Population: **2.3 million**
> GDP per capita: **$755**
> Life expectancy: **61.4**
> Adult literacy: **42%**
> Inflation: **6.9%**
> Human development index (out of 189 countries): **174**
> Foreign direct investment: **$29m**
> Last change of leader: **2017**
> GDP growth (%)
> GDP ($bn)



*Estimation October 2019

Potential alliance

Barrow maintains some coalition allies ahead of elections planned for 2021: National Reconciliation Party leader Hamat Bah; the Gambia Moral Congress's Mai Ahmad Fatty; and Henry Gomez, head of the Gambia Party for Democracy and Progress. Analysts have not ruled out a potential alliance between Barrow and the former ruling Alliance for Patriotic Reorientation and Construction for 2021.

Barrow's supporters argue that he needs to stay in power in order to complete the post-Jammeh transition. The Janneh Commission into Jammeh's corruption only completed its report in September, and the government has a lot of work to do to try and reclaim looted funds. The Constitutional Review Commission has yet to complete its work and publish a draft fundamental law. Anti-corruption, truth and reconciliation, and human rights commissions have also been slow to get off the ground.

The economy has been growing strongly in the post-Jammeh era. Gambia has a programme with the International Monetary Fund, which classifies the country as being in debt distress. Debt levels were due to be about 82% of gross domestic product at the end of 2019. Talks are underway with Gambia's external creditors for a debt relief programme. The government's current borrowing is focused on priority sectors like electricity, education and agriculture. A 20MW solar power plant, battery system and distribution project worth $156m was launched in March 2019 to help meet the country's power deficit.

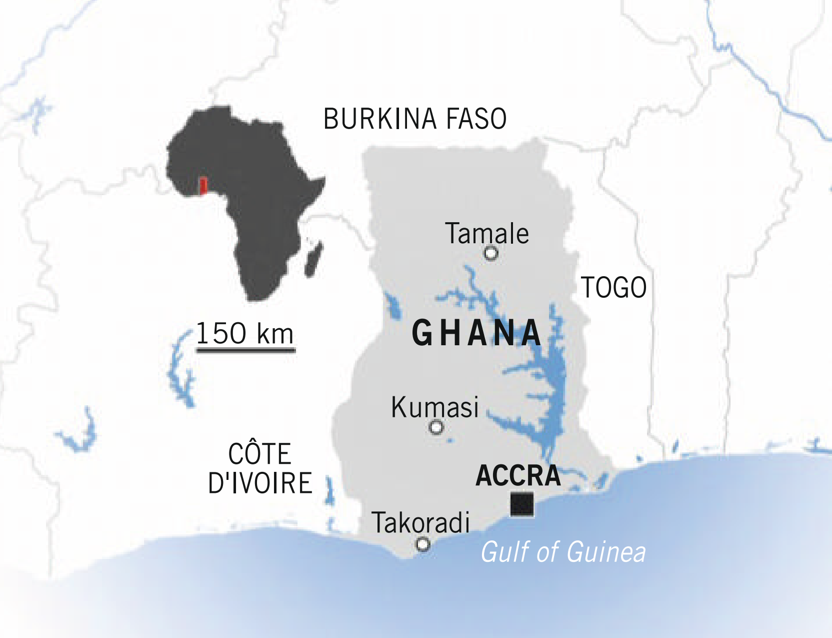
A new venue

There is hope that Gambia's offshore waters will be as rich as those of neighbouring Senegal in terms of oil and gas reserves. There have not been any major Gambia discoveries so far, but Malaysia's Petronas and Australia's FAR are set to conduct more seismic surveys and drill a well in 2020 in Blocks A2 and A5.

The main government project for 2020 is the completion of the International Conference Centre, the venue for the 2022 Organisation of Islamic Cooperation meeting, and the construction of roads from the conference centre to Banjul International Airport.

Meanwhile, tourism and agriculture continue to play a crucial role in the country's economic growth. Tourist numbers have been on the rise but are expected to take a knock due to the collapse of British tourism operator Thomas Cook in late 2019. In agriculture, the government is looking for ways to add value to the country's exports of cashews, groundnuts and sesame.

So that Gambia can play a bigger role in the regional transhipment market, plans are underway to expand and decongest the port of Banjul. •



Ghana

Prepping for the polls

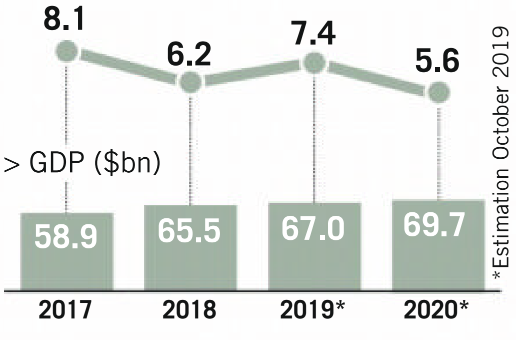
> In a repeat of the 2016 vote, Akufo-Addo and Mahama will face off in December 2020
> The oil, mining and construction sectors are all growing at a fast pace

Ghana begins 2020 on sounder economic footing, having just completed its International Monetary Fund (IMF) programme, and is heading for elections in December. The New Patriotic Party (NPP) and its leader, President Nana Akufo-Addo, will be seeking re-election against the opposition National Democratic Congress (NDC) and its flagbearer and former president John Dramani Mahama. Having governed from 2016 under an ambitious plan of industrialisation and a mantra of shifting the levers of the Ghanaian economy, the economy is one of Akufo-Addo and the NPP's strongest arguments for re-election.

But the lack of progress on security and fighting corruption could hurt them. The failed and opaque privatisation of the Electricity Company of Ghana, which was backed by the US government, highlights some of the country's governance problems.

The NDC will have a challenging task of winning convincingly in the new regions, which were created after a referendum in 2018. The NPP government will be launching formal regional government structures there in 2020, which could help it to win more support. Akufo-Addo won the 2016 election by more than 1m votes.

> Population: **30.4 million**
> GDP per capita: **$2,223**
> Life expectancy: **63**
> Adult literacy: **71.5%**
> Inflation: **9.3%**
> Human development index (out of 189 countries): **140**
> Foreign direct investment: **$3bn**
> Last change of leader: **2017**
> GDP growth (%)



Nepotism accusations

The longest-serving finance minister in Ghana's history, Kwesi Botchwey has been tipped as the favourite vice-presidential candidate for the NDC. Botchwey has a great deal of experience from the structural-adjustment-programme days, stabilising the economy and supporting the growth of small-scale businesses. Botchwey could help boost turnout for the NDC. But a group of party cadres has opposed Mahama's attempt at a comeback. If he loses, the party may quickly look for a new flagbearer.

One big issue in the campaign is nepotism. The NDC says that Akufo-Addo has put too many of his relatives and kinsmen into positions of authority. For example, Gabby Asare Otchere-Darko, who is Akufo-Addo's cousin, does not have any official portfolio in government, but is considered quite powerful. Otchere-Darko's wife Nana Adjoa Hackman serves, for example, as a board member of the Ghana National Petroleum Corporation.

As security risks remain heightened across the region, especially cases of terrorism in Burkina Faso, Ghana's main security threats are now domestic.

'Vigilante groups'

In preparing for the elections, members of the opposition and some civic actors are not confident of the government's commitment to safeguarding security.

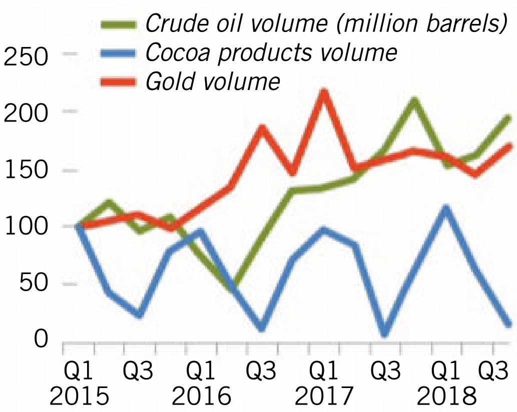
Political party 'vigilante groups' could emerge in different forms in the run-up to the 2020 elections. The commission tasked to investigate the violence that marred the Ayawaso West Wuogon by-election recommended among other things, "additional rigorous training in crowd control, arrests and perimeter security for electoral exercises for any allied security issues that may emerge." Elsewhere, the NDC is calling into doubt the neutrality of the electoral commission for the upcoming 2020 elections, so it is focusing more on investing in its own ability to monitor the vote at local polling stations across the country.

The NPP is seeking to consolidate its delivery of macroeconomic growth and stability, to strengthen its free senior high school education programme, to deepen financial sector reforms and to support industrialisation through its One District, One Factory Programme (1D1F). The economy is set to record strong growth due to the oil and gas sector, stability in power supply, the completion of some of the factories under the 1D1F industrialisation drive and a recovery in the agricultural sector. Inflation has continued to be lower than double-digits since 2018.

Even though Ghana completed its IMF programme, there is still more work to be done to improve the economy. The international financial institution says that the Accra government needs to be sure to stick to its election-year budget, raise more domestic revenue and strengthen the management of the energy sector. The IMF argues that Ghana's public debt is still too high and is likely to be 63% of gross domestic product at the end of 2019.

The finance ministry is looking for more ways for the government to raise money for infrastructure and social spending. It is working on plans to create a special purpose vehicle that manages government revenue from mining concessions. Details of the project had not yet been made public as *The Africa Report* went to press. Ghana is one of Africa's top gold producers, and Anglogold Ashanti's flagship Obuasi mine was due to restart production in late 2019 or early 2020 after an extended period of closure due to insecurity. The government awarded the company a $259m tax break deal in 2018 as part of the negotiations to relaunch operations.

EXPORT VOLUMES FOR KEY COMMODITIES



SOURCE: GHANA GOVERNMENT AND IMF

Oil is another key driver of Ghana's economic growth. Norway-based Aker Energy is expected to submit its revised programme of development for the Pecan field, which holds an estimated 550m barrels of oil. The project has already been delayed and is unlikely to begin production before 2022. Civic actors will closely monitor this development given the associated proposed revisions to the petroleum laws of the country which are set to take effect in the last quarter of 2019.

Rehabilitating plantations

In terms of industrial development, trade minister Alan Kyerematen is optimistic about vehicle assembly deals signed with Toyota, Nissan, Volkswagen and the heavy-duty vehicle manufacturer Sinotruk.

As for cash crops and agriculture, collaborations with Côte d'Ivoire on charging a premium of about $400 per tonne of cocoa for the 2020 production season may generate some gains in the short term for farmers and players along the value chain. COCOBOD, the regulator of the industry, has secured $1.3bn in financing for the 2020/2021 crop season, where nearly 900,000tn is set to be produced. The government's seven-year $600m Cocoa Productivity Enhancement Programme is set to rehabilitate plantations, expand irrigation and improve local processing capacity.

Confidence in the financial sector (see box) is expected to further improve as the final set of reforms are implemented, suits against the central bank take their full course in the courts and credit provisions to key sectors expand. Profits of the banks are projected to increase, according to finance minister Ken Ofori-Atta, as deposits and loans continue to grow in 2020.

The government is spending on new infrastructure. The Tamale interchange and Pokuase ACP junction interchange are two major road projects which will be completed to ease the flow of traffic and support adjoining developments. They are part of a controversial $2bn bauxite deal with Chinese company Sinohydro which plans to develop a bauxite mine at Atewa, though environmentalists warn that its operations will pollute vast water supplies.

The Eastern Railway, which will drastically reduce commute time between Accra and Kumasi, is likely to be built in 2020. The government also says that the Tema-Mpakadan railway line will be complete in 2020. The NPP is campaigning on the government's Infrastructure for Poverty Eradication Programme, which allocates $1m to each constituency.

Akufo-Addo considers hosting the African Continental Free Trade Area secretariat as one of his key achievements. The government of Ghana has committed $10m to its funding, and the secretariat is due to be operational in 2020. ●

Politics and banking sector reforms

The cleaning up and reform of Ghana's banking sector appears far from over. Since the 2015/2016 banking crisis, when several banks were severely under-capitalised and suffering from high levels of non-performing loans, the government has spent nearly $2bn to save the institutions and protect depositors.

The Bank of Ghana withdrew some banking licences and merged five small banks into the Consolidated Bank Ghana. GCB Bank took over two rivals, and another one was downgraded to a savings and loans institution. Amid questions about the role of shareholders and directors, receivers launched lawsuits to reclaim liabilities due and to retrieve about $2bn in loans and advances from 31,000 customers of these banks.

Kwabena Duffuor, a former governor of the central bank and finance minister, was the majority shareholder of the now defunct uniBank and is being sued together with other directors for a little over $1bn. Meanwhile, Papa Kwesi Nduom – a former energy minister – is battling the central bank in the courts about the fate of GN Bank. He blames its downgrading on the government's unpaid debts to contractors that are its clients.

The managers of the troubled banks accuse the government of playing politics and targeting opposition members. The courts will have a final say on this, and many of the cases are expected to go beyond 2020. ●

SENEGAL
MALI
GUINEA-BISSAU
GUINEA
Kankan
CONAKRY
Atlantic Ocean
SIERRA LEONE
LIBERIA
CÔTE D'IVOIRE
200 km

Guinea

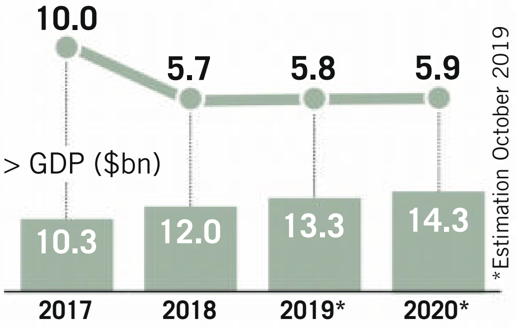
Holding on to power

> If Condé tries to run for the presidency again there could be major street protests
> The mining sector is booming, but not leading to major economic improvements for Guineans

President Alpha Condé is due to hold elections in December 2020 and step down after the end of his second term, but instead is holding popular consultations with a view to amending the constitution to remain in power. This led to large protests in October and the police killing civilians who had taken to the streets in opposition to Condé. Condé's supporters say the country needs more stability after long periods of instability and he should be allowed to complete projects he has started.

The majority of the opposition – led by Cellou Dalein Diallo of the *Union des Forces Démocratiques de Guinée* – is working together through the *Front National pour la Défense de la Constitution* (FNDC). The members of the FNDC do not trust the government to organise fair votes and have long accused the laconic Condé of wanting to stay in power. He only revealed his intentions on 5 September 2019 rushing ahead with legislative elections, asking prime minister Ibrahima Kassory Fofana to launch popular consultations on changing the constitution. The proposed changes, which are likely to target the two-term limit among other measures, are set to be the subject of a national referendum in 2020. The FNDC has boycotted parliament and is relying on street protests to pressure Condé.

> Population: **12.8 million**
> GDP per capita: **$981**
> Life expectancy: **60.6**
> Adult literacy: **32%**
> Inflation: **8.9%**
> Human development index (out of 189 countries): **175**
> Foreign direct investment: **$483m**
> Last change of leader: **2010**
> GDP growth (%)



Asylum seekers

The country has been in a political deadlock about the holding of legislative elections. The current parliament's term expired on 12 January 2019, and elections were set to take place on 28 December but were again postponed, due to work needed to improve the electoral rolls, without a new date announced. The opposition has criticised the attempts to hold elections and says that the *Commission Electorale Nationale Indépendante* is biased in favour of Condé.

The economy continues to grow on the back of mining and construction activity, but this is not leading to changes in poverty levels. According to France's border police, Guineans constituted the second-largest share of registered asylum seekers in 2018. With 8,433 individuals, the country ranked behind Afghanistan. Of these people, 5,227 minors were awaiting protection in France. This is mainly due to the lack of prospects for young Guineans suffering from high unemployment and a failing education system. In 2019, just 24.4% of candidates passed the baccalaureate exam, marking a historical failure rate.

New rail lines to mining areas

Mining is the sector that attracts the most investment, with bauxite the most important mineral. Guinea Aluminium Corporation exported its first shipment of bauxite from its mine in north-western Guinea in August. It aims to produce at a rate of 12m tonnes per year. Building infrastructure for the industry and the general population is a challenge. New rail lines to mining areas have been launched in recent years, but – for example – the government and Russian mining firm Rusal have been in conflict about whether it is possible to run passenger trains on the Conakry-Fria line.

Interest in Guinea's promising iron ore mines is also picking up. In 2019, Indian company Ashapura took over the Yomboyéli iron mine and its 3m tonnes of reserves, shut down since 2015 due to a downturn in iron ore prices.

With the help of France's former president Nicolas Sarkozy, the government found a solution to the thorny Mount Simandou case, which pitted the Guinean state against Israeli businessman Beny Steinmetz. The government organised a late 2019 bidding round for Simandou's Blocks 1 and 2, where activities had been frozen for about 10 years. The Singaporean-Guinean *Société Minière de Boké* won the rights to the 369 km2 concession. Blackout-prone *Électricité de Guinée* ended its four-year management contract with France's Veolia in October and is now looking for a path to sustainability. French construction firm Eiffage is working on a 40MW dam in Pita, western Guinea, which will add to the capacity of the national grid. ●

SENEGAL
GUINEA-BISSAU
BISSAU
Atlantic Ocean
GUINEA
50 km

Guinea-Bissau

Turning a page

> The late December vote will give the country a new chance for stability
> Lacking investment, the economy remains dependent on cashews

Will the November-December 2019 presidential election solve Guinea-Bissau's political instability? Putting an end to coups and conflict, outgoing President José Mário Vaz – whose rule was plagued with political stalemates – was the first elected president to have completed his term since the first multiparty elections in 1994.

The second round is due to take place on 29 December, and the two candidates have sworn to get the country back on track after years of infighting in the ruling party. Former prime minister Domingos Simões Pereira of the *Partido Africano para a Independência da Guiné e Cabo Verde* (PAIGC), which has a majority in the national assembly, won 40.1% of the vote on 24 November. He faces another former head of government, Umaro Sissoco Embaló. Embaló, who was prime minister from 2016 to 2018, is the candidate of Madem G-15, a party formed in 2018 by PAIGC dissidents which qualified for the second round with 27.7% of the vote.

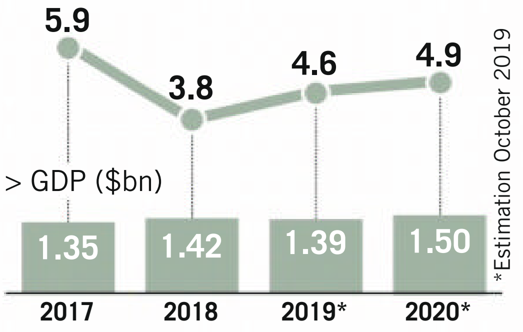
The Economic Community of West African States (ECOWAS) is mediating Guinea-Bissau's crisis and hopes that a new government will bring stability. ECOWAS said that it did not witness any irregularities during the first round of the vote. Vaz claimed the ruling party stuffed ballot boxes, and he rejected the results.

Schools closed

Vaz's successor will face many challenges and the immense expectations of the population. With a weak economy largely dependent on agriculture, nearly 70% of the country's population live on less than $2 per day. Cashews are the main cash crop, and the authorities say the country exported nearly 150,000tn in 2018.

The government has been unable to provide some basic public services in recent years, and schools were closed for several months in 2019 following a teachers' strike over mounting payment arrears. However, thanks to the performance of the agriculture sector, strong growth is expected in 2019.

> Population: **1.9 million**
> GDP per capita: **$786**
> Life expectancy: **57.8**
> Adult literacy: **45.6%**
> Inflation: **-2.6%**
> Human development index (out of 189 countries): **177**
> Foreign direct investment: **$17m**
> Last change of leader: **2014**
> GDP growth (%)



The International Monetary Fund (IMF) is advising the Bissau government on improving economic governance and better managing the country's tax revenue. The administration is currently spending much more than it is taking in, and the donor community is wary of the country's poor management and political crises.

Power purchase deal

The IMF came out strongly against an attempted government bank bailout in 2015. That has soured relations, but one of the banks is now being recapitalised and the local financial sector is getting stronger. The new government is expected to launch negotiations for a new extended credit facility.

Sorting the government-run water and electricity utility, *Electricidade e Aguas da Guine-Bissau* (EAGB), is a priority because it continues to make losses. The lack of infrastructure is also holding back business activity. EAGB signed an expensive six-year power purchase deal with Turkey's Karpowership in 2019 to increase the amount of electricity supplied to the national grid. The government is soon expected to award a contract to build up to 20MW of photovoltaic power plants at Gardete, financed by the West African Development Bank.

Drug trafficking, management of the often undisciplined security forces and endemic corruption are some of the other issues that the new government will be working to address. There is mounting pressure for changes to the constitution too, with several presidential candidates calling for amendments that clarify the relationships and roles of the president and prime minister.

To win over Guinea-Bissau's donors, the administration will have to commit to reorganising the armed forces. Successive governments have promised to do so and failed to follow through. The last coup, in 2012, took place between two rounds of a presidential election. This time, the soldiers – led by chief of staff of the defence forces General Biaguê Na Ntam – promised to stay in their barracks. ●

SIERRA LEONE
GUINEA
CÔTE D'IVOIRE
100 km
MONROVIA
Buchanan
LIBERIA
Atlantic Ocean

Liberia

Weah's populism wins popularity

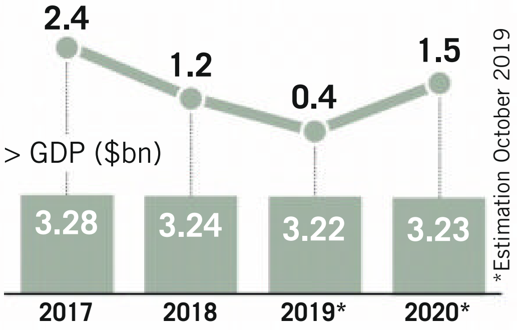
> Critics are calling for the government to do more about corruption and wasteful spending
> Mining promises an economic lift as the government looks to boost tourism

A poorly performing economy and allegations of corruption and mismanagement, which have dogged President George Weah's wobbly regime since early 2019, will continue to shape events in 2020. Though accused of ostentatious corruption by the opposition and the vocal media, Weah will likely maintain his popularity among the vast majority of the urban youth and poor, who continue to rally round him as one of their own thanks to Weah's carefully choreographed populism.

There are signs, however, that the sustained criticisms of the president and the out-of-control inflation may be taking a toll on Weah's Congress for Democratic Change, if not on the standing of the president on the critical Monrovia streets. A rather loose coalition known as the Collaboration of Political Parties, led by Benoni Urey of the All Liberia Party, is channelling opposition to Weah.

In an unexpected move in September, Weah wrote a letter to the legislature endorsing civil society activists' call to set up a war crimes court to address atrocities committed during the country's civil war of the 1990s and early 2000s. This was a key recommendation of the Truth and Reconciliation Commission's report in 2009, but until Weah's letter there was no real support for it among the elite, in large part because many of them participated in one way or another. Weah did not, and some of his critics charge that he is determined both to embarrass his vice-president, Jewel Taylor, with whom he currently has a fractious relationship, and to deflect attention.

> Population: **4.9 million**
> GDP per capita: **$703**
> Life expectancy: **63**
> Adult literacy: **42.9%**
> Inflation: **22.2%**
> Human development index (out of 189 countries): **181**
> Foreign direct investment: **$122m**
> Last change of leader: **2018**
> GDP growth (%)



Question of dual nationality

International support, uncertain to date, will be critical for the court to be set up. If it takes shape, the court could dominate political life for years. As the former wife of a convicted war criminal, Taylor – like many of the key figures – will be politically, if not legally, vulnerable.

Another major issue for the year ahead is a referendum on term limits and dual nationality. The constitution does not allow for dual nationality, but many members of the elite also have US citizenship. The vote will also decide if presidential terms should be reduced from six to five years, with a two-term limit.

Inflation, currently at around 28%, will remain high into 2020 because of the lacklustre economic growth, despite a boost in iron ore mining following the opening of a new mining site by Arcelor Mittal, coupled with significant foreign investment in gold production. However, the country's iconic rubber sector, a bellwether of its economic and political health, laid off hundreds of its local employees amidst sharp falls in prices and will continue to contract.

'Payroll harmonisation'

The draft budget for 2020 optimistically forecasts domestic revenue rising. But agriculture and other non-mining sectors contracted by 1.3% since 2018. Much of the government's projected budget – which gives perhaps the best indication of Liberia's governance trend – is dedicated to paying state employees. The figure for 2020 is $297m, significantly lower than 2019's $330m. The savings are from major cuts in salaries for mid- to senior-level civil servants, which finance and development minister Samuel Tweah euphemistically described as 'payroll harmonisation'. The gesture, as was expected, outraged the educated elite and thrilled the urban poor.

Despite serious concerns about corruption and mismanagement – a letter signed by ambassadors of nine countries raised issues about the misappropriation of donor funds early this year – the World Bank in March announced its portfolio for Liberia as worth close to $1bn, spread across 19 active projects including infrastructure, human capital, urban growth, and natural resource management.

The government is launching a national tourism board and is looking to simplify visa procedures to boost tourism numbers. A first big-name hotel brand, Sheraton, is due to open in 2020 in Monrovia's central business district. ●

300 km
ALGERIA
MALI
MAURITANIA
Atlantic Ocean
Gao
SENEGAL
BAMAKO
Ségou
NIGER
BURKINA FASO
GUINEA
BENIN
GHANA

Mali

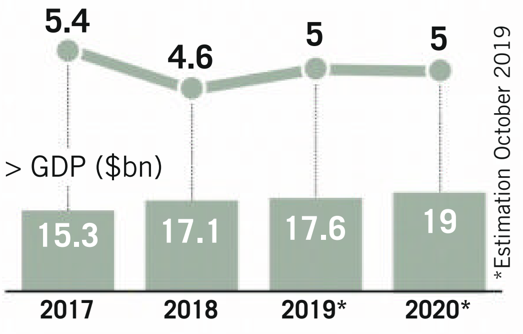
IBK and the power of inertia

> More violence has made the prospect of peace less likely
> The economy is recording strong growth despite the instability

The government of President Ibrahim Boubacar Keïta (IBK) is scrambling to find solutions to the spiral of violence that has gripped the central region of Mali. For years it has been unable to retake the north from Tuareg and jihadist forces, with instability spreading south.

The country experienced one of its worst massacres in the central region village of Ogossagou on 23 March when men dressed as Dogon hunters slaughtered more than 160 Fulani people – including the elderly, women and children – before burning the village to the ground. In the following weeks, Fulani men attacked several Dogon villages, killing nearly 100 people. The authorities are overwhelmed and similar attacks took place after that.

> Population: **19.7 million**
> GDP per capita: **$924**
> Life expectancy: **58.5**
> Adult literacy: **33.1%**
> Inflation: **0.2%**
> Human development index (out of 189 countries): **182**
> Foreign direct investment: **$366m**
> Last change of leader: **2013**
> GDP growth (%)



The impact of the violence is also being felt in Bamako. After a round of protests about the government's inaction, IBK sacked prime minister Soumeylou Boubèye Maïga in April 2019. His replacement is 40-year-old technocrat Boubou Cissé, a former finance minister. To show its willingness to compromise, the IBK government extended olive branches to some members of the opposition. Harsh critic Tiébilé Dramé, for example, took up the post of foreign affairs minister.

Extended mandate for MPs

IBK also launched a national dialogue to address the ongoing political and security crises in June, but it is not producing the results he had hoped for. In mid-September, the *Front de Sauvegarde de la Démocratie*, the main opposition coalition led by Soumaïla Cissé, suspended its participation. The *Coordination des Mouvements de l'Azawad*, which includes former rebel groups from the north, also announced its withdrawal because of IBK's comments about potentially reviewing the 2015 Algiers peace agreement.

Four years after the signing of this agreement, the peace process is progressing at a glacial pace. The government has not been able to hold legislative elections because of the insecurity and the current parliament's mandate has been extended until May 2020.

The city of Kidal, a stronghold of the former Tuareg rebellion that is still outside the control of the administration, is at the centre of many tensions, including some from beyond Mali's borders. The jihadist groups, on the other hand, are far from having been annihilated, as some French officials claimed. Active in the north and centre, they are attacking against the defence and security forces. The lack of security and state presence in the north is leading to high levels of smuggling activity too.

Behind the scenes, some are seeking to launch formal negotiations with Malian jihadist leaders such as Amadou Koufa and Iyad Ag Ghaly. Many argue that talks are the only way out of the crisis. As for the regional G5 Sahel force, which is supposed to help secure the country, policymakers are increasingly calling its effectiveness into question. European countries are sending special forces units to support the Malian army in 2020.

New mining code

The economy is growing, as the country's major economic centres have been largely untouched by the fighting. Dominated by agriculture, mining and services, the Malian economy depends on two major subsectors: gold and cotton.

At the end of August, the government adopted a new mining code to take greater advantage of gold mining activity. Gold production is set to drop 3% this year to 59tn due to lower hauls from a few mines after last year's launch of new mines from B2Gold and Hummingbird Resources.

Mali is the continent's leading cotton producer and plans to produce 1m tonnes in the 2019/2020 season. Government subsidies for inputs is helping cereal production, with the agriculture ministry predicting a harvest of 11m tonnes in 2019/2020, compared with 10.5m in the previous season.

With the help of the Islamic Development Bank, the government is piloting a programme of mining solar power plants with storage capacity in order to expand electrification to more rural areas. ●

300 km
LIBYA
ALGERIA
NIGER
MALI
Agadez
NIAMEY
Zinder
CHAD
BURKINA FASO
BENIN
NIGERIA

Niger

Seeking security

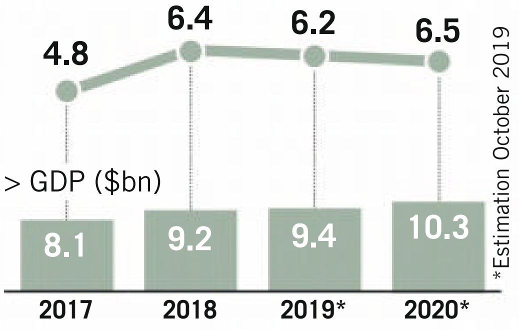
> Interior minister Bazoum is in pole position to take over from President Issoufou
> A Chinese-backed oil pipeline to Benin will help to unlock the sector

In a year's time, Nigeriens will see who will be in the best position to take over from President Mahamadou Issoufou. Whoever succeeds him will have a lot to do. Faced with the Malian, Nigerian and Libyan security crises, the Nigerien government is spending 15%-20% of its budget on defence. There are regular attacks on military and civilian sites in south-eastern Niger.

The election campaign will soon be in full swing, and things are already in motion. On 21 September 2019, the president reshuffled his team. Issoufou Katambé went to defence, Foumakoye Gado was promoted to minister of state and, above all, Massaoudou Hassoumi returned to the post of minister of state in the presidency.

With his three heavyweights from the governing *Parti Nigérien pour la Démocratie et le Socialisme* (PNDS) – the last of whom suffered a seven-month dismissal from office in January – Issoufou closed ranks by building a cohesive government in preparation for the presidential elections, the first round of which is due to take place in December 2020. After promoting interior minister Mohamed Bazoum as a presidential candidate for the PNDS, Issoufou spent months ensuring that Bazoum's campaign was on track. Even without a broad electoral base – he comes from a very small Arab tribe – Bazoum is counting on the power of the PNDS, which he co-founded and has chaired since 2011.

> Population: **23.3 million**
> GDP per capita: **$405**
> Life expectancy: **60.4**
> Adult literacy: **15.5%**
> Inflation: **-1.3%**
> Human development index (out of 189 countries): **189**
> Foreign direct investment: **$460m**
> Last change of leader: **2011**
> GDP growth (%)



Usual suspects

On 7 August 2019, they walked side by side in Tahoua on independence day, their intentions clear. Bazoum is the man Issoufou had chosen to run for the election at the end of his second and last term. With a programme focused on infrastructure, education and health, the interior minister is likely to compete with the usual suspects in the election: Seini Oumarou of the *Mouvement National pour la Société de Développement*, Mahamane Ousmane of the *Rassemblement Démocratique et Républicain* and Ibrahim Yacouba of the *Mouvement Patriotique Nigérien*.

There are uncertainties about what role Hama Amadou of Moden Fa Lumana will play. The second-place finisher in the 2016 election was sentenced to one year in prison for human trafficking. He returned from exile in November and was arrested. The opposition is boycotting the *Commission Électorale Nationale Indépendante* – citing its bias in favour of the governing party – and opposed to the new electoral code passed in 2019.

Issoufou responds to opposition criticism that he has neglected spending on anti-corruption campaigns, health, education and other priorities by pointing to a new hospital being built in Tahoua, the 130 MW Kandadji Dam and high rates of economic growth.

Oil at centre of spending plans

The economy is growing strongly due to new construction projects and activity in the extractives sector. European donors are financing the construction of the 20MW Malbaza solar power plant due to be operational in 2021. Businessman Ibrahim Iddi Ango launched the country's leading Malbaza Cement Company with a capacity to produce 650,000tn per annum, in December 2018.

Elsewhere gold mining, especially by artisanal miners in northern Niger, is also on the rise. The uranium sector remains troubled, with the Cominak mine due to close down soon. The *Les Nigériens Nourrissent les Nigériens* programme is expanding irrigation and supporting smallholders to improve the country's food security. The government wants to broaden that tax base and diversify its investors, targeting Turkey and China in particular. Oil is at the centre of the government's spending plans. A new $2bn oil pipeline will be built by Chinese companies to export Niger's oil via Benin. China National Petroleum Corporation plans to add new production to its fields at Agadem. Another major field to be developed was discovered by Algeria's Sonatrach at Kafra in late 2018. Niamey aims to increase oil production from 20,000 barrels per day to 500,000 by 2030. ●

NIGER
CHAD
300 km
Kano
BENIN
ABUJA
NIGERIA
CAMEROON
Lagos
Gulf of Guinea
Port Harcourt

Nigeria

The ball is in Buhari's court

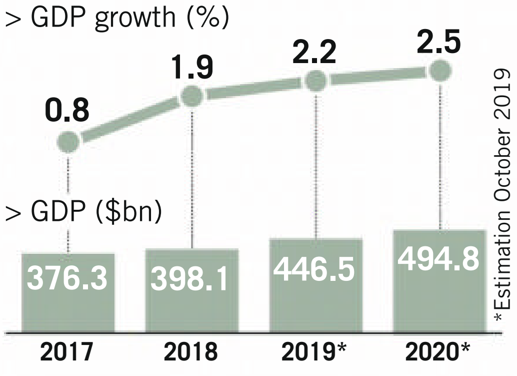
> Buhari was re-elected in February and the political class already has its eyes on 2023
> Oil still has a big impact on the economy, which has been slow to recover from the recession

Having won reelection in the February 2019 polls – which a tribunal and the supreme court confirmed in late 2019 after the opposition claimed the vote was not free and fair – President Muhammadu Buhari has less than four years to make a lasting mark. He campaigned on a platform of fighting corruption, improving security, diversifying the oil-dependent economy and increasing national production of goods – from rice to refined petroleum products.

The opposition People's Democratic Party (PDP) is now debating whether to keep failed presidential candidate Atiku Abubakar as its strongest candidate or give others a try. Abubakar accepted the rulings on his election loss and has promised to keep challenging the government through its democratic institutions, despite claiming that the courts are not independent.

The economy is a major focus of the Buhari government, the current conflict with Benin a case in point. Nigeria has signed to join the African Continental Free Trade Agreement but closed its borders with Benin to ban smuggling, which undermines the government's economic goals. Benin's economy is reliant on transshipment trade to supply Nigeria's huge market. The Abuja government complains, however, that Benin facilitates smuggling. Buhari wants Nigeria to be self-sufficient in rice production, difficult if cheaper Asian rice is found on the local market.

> Population: **201 million**
> GDP per capita: **$2,222**
> Life expectancy: **53.9**
> Adult literacy: **51.1%**
> Inflation: **11.3%**
> Human development index (out of 189 countries): **157**
> Foreign direct investment: **$2bn**
> Last change of leader: **2015**
> GDP growth (%)



Alliances and ambitions

Vice-president Yemi Osinbajo, who has presidential ambitions of his own, has typically played a strong role in economic policy formation. But now he is being sidelined by Buhari's inner circle – particularly Abba Kyari, chief of staff – and central bank governor Godwin Emefiele has been more in the spotlight. In September, Buhari created a star-studded economic advisory council of economists, some of them critics of his administration's policies. The free market suggests countering Buhari's statist inclinations may be difficult.

Speculation about who could replace Buhari in a hard-fought race leading up to the 2023 elections is underway. APC grandee Bola Tinubu, former Lagos State governor, rates his chances. Kayode Fayemi, governor of Ekiti State and former minister under Buhari could also be a contender. Relatively young at 54, he has a strong support base as a former civil society leader. Nasir El-Rufai, the feisty governor of Kaduna, is also angling for the governing All Progressives Congress (APC) nomination.

Alliances and ambitions are also bubbling underwater in the opposition camp. Aminu Tambuwal, young governor of the north-western state of Sokoto who lost the PDP flag bearer race by a hair's breadth, will likely try again. He may have to slug it out with Rivers State governor Nyesom Wike, who supported Tambuwal's presidential ambition, and former Anambra governor Peter Obi, running mate to Atiku in the 2019 polls.

Security threats

In 2020, governorship elections are due to take place in Anambra (All Progressives Grand Alliance), Edo (APC) and Ondo (APC) states. The parties will be looking to swing the first two states given the battles there between the incumbent governors and their sidelined godfathers. The poor performance of the governor in the third offers the possibility of a change in governing party.

Nigeria has a series of unresolved security threats. Herder-farmer conflicts in the Middle Belt appear to have quietened a bit, but kidnappings, especially in the north-west and south-west are increasingly prominent. Opposition members have made multiple calls for Buhari to dismiss his service chiefs whose tenures he has extended repeatedly despite exceeding official retirement age. Any change to the status quo in 2020 is unlikely.

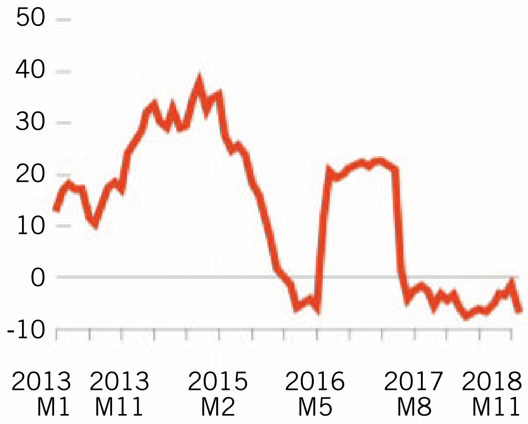
Governors in the north-west are leading dialogue efforts to address armed banditry, cattle rustling and kidnapping in rural communities. Meanwhile, intermittent attacks from both Boko Haram and the Islamic State's West Africa

Province continue to punctuate the government's repeated claims of having 'technically defeated' the insurgents.

With the US government focused on countering China in Africa, Nigeria is counting on Washington quickly signing a deal to supply Nigerian armed forces with Tucano aircraft. Previous administrations had worried about the human rights record of Nigeria's army, but not Donald Trump's.

The year 2020 will see the expiration of the two major economic development plans that served as planning foundations for the past two decades after Nigeria's return to democracy in 1999. Many of the targets set have not been met. Buhari's government is now working on new goal-setting programmes.

PRIVATE SECTOR CREDIT
(Percent)



SOURCE: INTERNATIONAL MONETARY FUND

Nationwide motorway tolls

The Nigerian economy has been slow in recovering from its 2016 recession. Its banks are in better health after large exposure to the oil industry. But over the past few years, the government has collected less tax revenue than it predicted. It has also been borrowing to finance budget deficits. The 2020 national budget is a record $34bn, with increased spending on infrastructure projects like roadways and railways.

The federal government now spends more than half its revenue servicing debt obligations. The IMF is arguing for fuel subsidy cuts to reduce spending, but the administration in Abuja is not at all keen on such a move.

Other reforms, however, are on the agenda. According to works and housing minister, Babatunde Fashola, tolls on motorways are planned nationwide. From January, the value-added tax rate will also rise from 5% to 7.5%.

Industrialist Aliko Dangote is betting big on Nigeria but also diversifying the geography of his activities. His huge Lekki-based refinery could finally begin operations late in 2020, though there may be construction delays. With a capacity to refine 650,000 barrels of oil per day, supply contracts and other key decisions have yet to be drawn up.

The Dangote Group has plans to increase its cement capacity in Africa by 29% to 62m tonnes. The continent's richest man says he will begin investing 60% of his company's profits in places like the US and the UK. Dangote Cement could also conduct its initial public offering of stock on the London Stock Exchange in 2020.

In telecoms, South African mobile company MTN's local listing in 2019 was a big step towards improving its relationship with the Abuja government. It is now preparing to go into mobile money in a big way.

Electricity provisioning remains weak as the government has been unable to solve problems that emerged with its major privatisation drive. Distribution companies are still not being paid regularly by the government and power producers want higher tariffs to ensure the recouping of their generation costs. More investment is needed to upgrade and expand the transmission system. The government signed a deal with Germany's Siemens in July 2019 to improve Nigeria's national grid.

Management of the oil sector being uncertain, with a reform bill under discussion for about 10 years, some companies have been waiting for more clarity before announcing new investments. The government predicts that there will be few disruptions caused by Niger Delta militants in 2020 and that national oil production will average about 2.2m barrels per day. Local company Seplat, confident in its growth, is buying its peer Eland, suggesting that there could be more developments and consolidation amongst indigenous oil and gas operators in the year ahead. ●

The trains don't run on time

Most of Nigeria's cities lack an efficient mass transit system and the country's existing intercity rail infrastructure is a relic from before independence in 1960. But some projects are slowly moving ahead. The Kaduna-Abuja railway and Abuja city metro were initiated under previous administrations and completed under President Muhammadu Buhari. Big infrastructure projects in Nigeria are often over budget and behind schedule.

The 156km Lagos-Ibadan rail line to connect the ports in the commercial capital to West Africa's largest city and other markets is being built by the China Civil Engineering Construction Company to the tune of $1.58bn, and is due to be completed in early 2020. The long-planned Lagos metro intracity Blue rail line, being built by France's Alstom, may not open until 2023. It will run east-west, and the Lagos State government of Babajide Sanwo-Olu is now planning the $2bn and 31km north-south Red Line. Lagos has yet to source the funding and award the contract for that project.

The Warri-Itakpe-Ajaokuta passenger and freight rail line, which covers 327km, is also heading for completion in 2020, more than three decades after construction first began. It could further be extended to connect several towns and villages with the Kaduna-Abuja line, expected to reduce travel time between south and north. ●

MAURITANIA
Atlantic Ocean
Saint-Louis
DAKAR
Thiès
SENEGAL
100 km
GAMBIA
MALI
GUINEA-BISSAU
GUINEA

Senegal

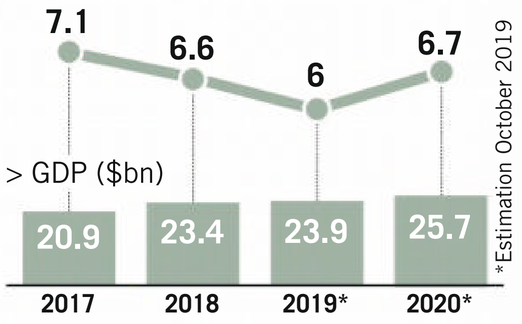
Starting Sall's second term

- Infrastructure projects are key to the government's plans to make Senegal an emerging economy
- The prospects of oil production have already brought hope and disappointment

Re-elected with more than 58% of votes in the first round on 24 February 2019, President Macky Sall is following through on many of the projects started during his first term. In 2020, he is launching the second phase of the *Plan Sénégal Emergent* – the national development strategy leading up to the year 2035. The country obtained some $14bn in funding pledges at the end of 2018 to accelerate the PSE, which Sall hopes will transform the economy.

With a comfortable majority in the national assembly, Sall decided to abolish the post of prime minister, a measure that took effect on 14 May 2019 through a constitutional amendment. The opposition harshly criticised this institutional change, saying he is acting like a monarch. Sall said the move was necessary to streamline the administration and speed up reforms.

- Population: **16.3 million**
- GDP per capita: **$1,427**
- Life expectancy: **67.5**
- Adult literacy: **42.8%**
- Inflation: **1%**
- Human development index (out of 189 countries): **164**
- Foreign direct investment: **$629m**
- Last change of leader: **2012**
- GDP growth (%)



Often weakened by infighting, the opposition struggles to work together and hone its attack on the government. With local elections on the horizon, President Sall is seeking to ease tensions. He granted a pardon to former mayor of Dakar Khalifa Sall on 29 September 2019. This could also shake up the opposition. Socialist leader Khalifa Sall is one of President Sall's major opponents. He was sentenced to five years in prison in 2018 for embezzlement of public funds, leading the courts to reject his run for the presidency in 2019.

National dialogue

Opposition figure Karim Wade, expected to lead the *Parti Démocratique Sénégalais* (PDS) following his father, Abdoulaye Wade, was also prevented from participating in the 2019 elections. He was elected in August onto the PDS's governing bodies, a choice that some barons did not appreciate. Because of his legal woes, he has been exiled in Qatar since 2016. There are doubts about if and when he could return to Senegal.

The next elections are for local government, and could allow the opposition to get into better shape. Initially scheduled for 2019, they are now expected by early 2021. The government invited the opposition with great fanfare to participate in a national dialogue to set the conditions for the vote, but most oppositionists reacted tentatively.

Peace in Casamance a major goal

Some issues were already on the agenda during the presidential election, such as the number of sponsors required to become a candidate and the fee to run for office. The next competition between the governing party and the opposition will be the legislative vote in 2022.

President Sall says that peace in the region of Casamance is a major goal of his second term. That could prove difficult due to the fracturing of the *Mouvement des Forces Démocratiques de la Casamance* rebel group but the rapprochement with Gambia has easeed tensions somewhat.

A major oil scandal in 2019 showed the need for more oversight and transparency. Suspected of having received bribes as part of oil block deals with Romanian-Australian businessman Frank Timis, the president's brother, Aliou Sall, was forced to resign from his position as general manager of the *Caisse des Dépôts et Consignations*. Those events generated a wave of demonstrations that tarnished Macky Sall's record. According to IMF forecasts, commercial hydrocarbon production is expected in 2022 and investments will boost growth.

The economy is producing strong growth due to increased public spending on infrastructure and activity in the agriculture and fishing sectors. Big infrastructure projects going ahead include a rehabilitation programme for the country's airports and the building of the new city of Diamniadio. Lagging far behind many of its West African peers, the port of Dakar is now undergoing upgrading works that will help the local market and neighbouring landlocked countries like Mali. French company Free's joining of the telecoms market is a sign of growing investor interest and a challenge for Orange, the dominant player. ●

GUINEA
Makeni
SIERRA LEONE
FREETOWN
Kenema
LIBERIA
100 km
Atlantic Ocean

Sierra Leone

Back to school

> Many large infrastructure projects are on hold as the government re-examines its priorities
> There are hopes that investment in oil exploration will reduce dependence on mining and agriculture

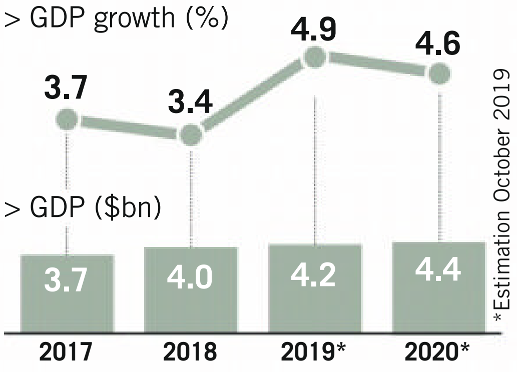
With inflation at 15.8% and a growth rate stalling largely on account of inactive iron ore projects, President Julius Maada Bio appears to be a chastened leader in his second year in office. He is reticent about an ambitious project to build a bridge to Lungi airport, which is promoted by his chief minister David J. Francis and due to cost $2.1bn. Bio's team has also not made clear whether it will go ahead with a Chinese-backed expansion of the port at Freetown. Sierra Leone is on an International Monetary Fund programme, which has seen it cut spending and increase government revenue.

Focus on Bio's top priority programme of free and quality education will likely remain steady through 2020, but the government may have cause to evaluate it in view of the dismal performance of students in the West African Senior Secondary Certificate Examination. In 2019, 95% of students failed to make the grade to be accepted for university. The results worry the government, which must now consider whether to roll out the programme more methodically through an initial emphasis on the primary level and teacher training. That may not provide the big bang Bio's team had been hoping for.

Massive graft

Reconciliation seems to be the priority between the current and former governing parties. In 2019, Bio set up a commission of inquiry to investigate top opposition All People's Congress (APC) officials, including its chairman and former president Ernest Bai Koroma. But though the ponderous work of the commission unearthed evidence of massive graft, it has not publicly interviewed or subpoenaed any of the APC's leaders. Instead, in September, shortly after his cabinet agreed on the outlines of a new government Independent Commission for Peace and National Cohesion, Bio invited Koroma and his senior officials to a well-publicised meeting at State House that Bio described as a peace and reconciliation gesture.

> Population: **7.8 million**
> GDP per capita: **$546**
> Life expectancy: **52.2**
> Adult literacy: **32.4%**
> Inflation: **15.7%**
> Human development index (out of 189 countries): 184
> Foreign direct investment: **$599m**
> Last change of leader: **2018**



Bio enters this phase of his presidency more politically assured than before. A high court ruling in several petition cases in late May nullified the election of 10 APC members of parliament (MPs), giving nine of the seats to Bio's Sierra Leone People's Party (SLPP) and subjecting the 10th to a rerun. The SLPP won the by-election, effectively making it the new majority in parliament. The SLPP now has 58 MPs while the APC has 57.

There are risks of isolated electoral violence. A by-election in an APC-controlled constituency in Freetown in August was stopped after violence erupted in a number of voting areas. More than 20 APC activists were arrested, including a former minister.

Cancelled licences

The economy remains the government's most vulnerable point. The leone continues to fall against the dollar, the result of a dramatic drop in exports due to the suspension of iron ore production. In early August, the government cancelled licences of the iron ore-producing companies at the Tonkolili and Marampa mines after a lengthy review. In fact, the larger Tonkolili mines, owned by Shandong, had been placed into receivership earlier this year, and long ceased production. The company has nevertheless sued in a Freetown court to challenge its ban. The Marampa mines, a subsidiary of Gerald Group, ceased production and shipments in July.

The World Bank in July announced it is investing $60m in the titanium miner Sierra Rutile. The company has been a focus of investigation by the commission of inquiry concerning how the former government sold it to an Australian company.

To boost food production, the agriculture ministry is backing an ambitious programme to add 170,000ha for rice cultivation over the next three years.

Announcements about new deals for oil blocks are also expected soon, after the government launched a bidding round for all of the country's remaining offshore areas in May 2019. •

200 km
BENIN
Sokodé
TOGO
NIGERIA
Lake Volta
GHANA
LOMÉ
Gulf of Guinea

Togo

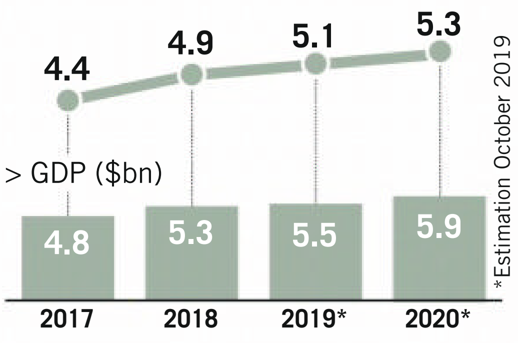
Term limits change the game

> Against a fractured opposition, Gnassingbé is expected to win the 2020 presidential vote
> Privatisations and new factories are signs of an uptick in investor interest

Calm has returned to the Togolese political scene after the street protests of previous years. The protesters were calling for constitutional reforms that would make political competition fairer and possibly lead to the end of the family dynasty that has ruled the country for decades. The country got a new constitution in May 2019 that now includes term limits. It will allow President Faure Gnassingbé, in power since 2005, to run again in 2020 and 2025. Strengthened by the powers of incumbency, he is expected to win the vote in February 2020 as he campaigns on the economic results his government has produced.

Before it weakened considerably, the C14 opposition coalition had been able to get some but not all of its proposed reforms approved. The opposition has been hurt by infighting. It boycotted the 2018 legislative elections but did not arrive at a common position on the municipal vote in July, the first such polls in 32 years. Gnassingbé's *Union pour la République* took more than half of the seats up for grabs. The two most influential oppositionists remain Jean-Pierre Fabre of the *Alliance Nationale pour le Changement* (ANC) and exiled *Parti National Panafricain* (PNP) leader Tikpi Atchadam, and they have both quit the C14. The opposition looks unlikely to settle on a single joint candidate for the 2020 presidential election.

> Population: **8.1 million**
> GDP per capita: **$671**
> Life expectancy: **60.5**
> Adult literacy: **63.7%**
> Inflation: **1.4%**
> Human development index (out of 189 countries): **165**
> Foreign direct investment: **$102m**
> Last change of leader: **2005**
> GDP growth (%)



Borrowing for infrastructure

Some C14 supporters and the clergy have called for the 2020 elections to be suspended, but their demands have not gained traction. They say the constitutional court and electoral commission must be reformed. So far, the government is not offering to talk about such changes, and the ANC and PNP have largely been disengaged from those opposition efforts.

The government's cooperation with the IMF is producing results in the shape of strong growth rates. The authorities had been worried about rising levels of debt following massive investments in infrastructure, accelerating the implementation of the *Plan National de Développement*, at an estimated cost of 4.6trn CFA francs ($7.8bn). Its three priorities are making Togo a logistics and business hub, supporting agribusiness, manufacturing and processing, and social development. To spread the benefits of growth, the government is devoting more of the national budget to social spending, which accounted for about 15% of the 2019 exercise. To implement his economic plans, Gnassingbé counts on allies like finance minister Sani Yaya and digital economy minister Cina Lawson. Others key in the administration include interior minister Payadowa Boukpessi and administrative reform minister Gilbert Bawara.

Dangote brings value-added

The government is raising money through privatisations. In November 2019, it sold a 51% stake in telecoms operator Togocom to Madagascar's Axian and US-based private-equity firm Emerging Capital Partners. They say they will invest 160bn CFA francs to improve and expand the network. They also plan to launch 5G operations by 2021. Stakes in two public banks, BTCI and UTB, are next to go on sale.

Regional economic ties are expanding too. Nigerian billionaire Aliko Dangote announced in November that he would launch construction of a cement factory and fertiliser processing operations in Togo in 2020. Togo exports most of its phosphates in raw form, so the Dangote installation will be a much needed step towards more manufacturing value-added. Majorel, a joint venture between Germany's Bertelsmann and Morocco's Saham, opened up a first call centre in Lomé to deal with customer service for companies in francophone markets. The November visit to Togo of Chinese billionaire Jack Ma also highlighted some prospects in the tech space.

A new mining project is moving ahead, too. British firm Keras Resources plans to develop the Nayega manganese mine in northern Togo and optimistically expects to launch production in 2020. It is a relatively small mine, which is set to produce 250,000tn of manganese per year for about 11 years. ●

Admire
Africa

The Africa ATLAS
AFRICA ATLASES
NIGERIA
AFRICA ATLASES
RWANDA

Its unknown lands,

TERRES DU GABON
SÉNÉGAL
CÔTE D'IVOIRE

Its values and its heros...

L'histoire de la CÔTE d'IVOIRE
L'histoire du TCHAD
L'histoire de la GUINÉE ÉQUATORIALE
L'histoire du CONGO

Alassane Dramane Ouattara
LES AFRIKAINS

... Its history that dates to the beginning of time, to realize today...

TOGO
TODAY
CONGO
TODAY
DEMOCRATIC REPUBLIC OF THE CONGO
TODAY
GABON
TODAY
DJIBOUTI
AUJOURD'HUI
Great Southern Morocco
TODAY

... And then dream, travel and meet

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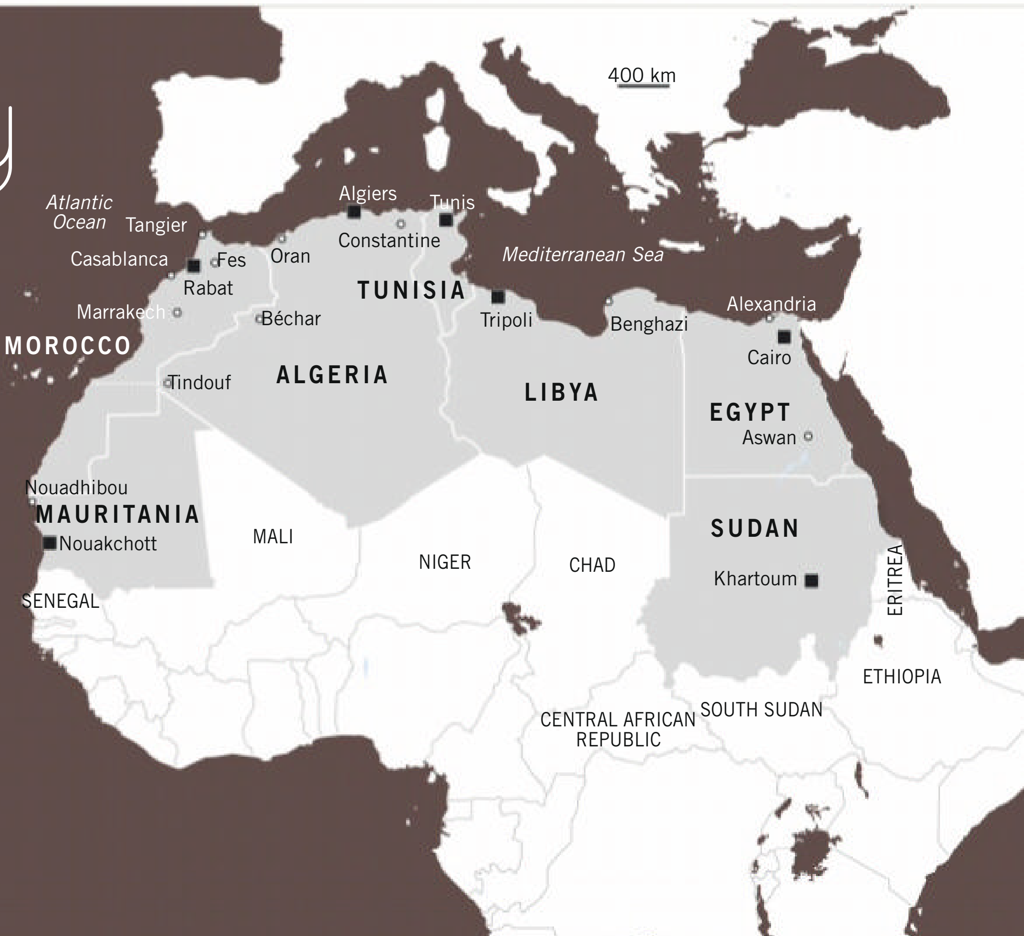
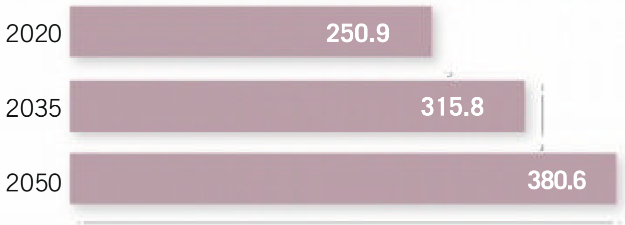
North Africa

Revolutionary aftermaths

North Africa is showing the many ways that revolutionary fervour can go: from the strongman back to the strongman in Egypt; to democratic progress in Tunisia; bloody years of conflict in Libya; and a tug-of-war between the street and the regime in Algeria.

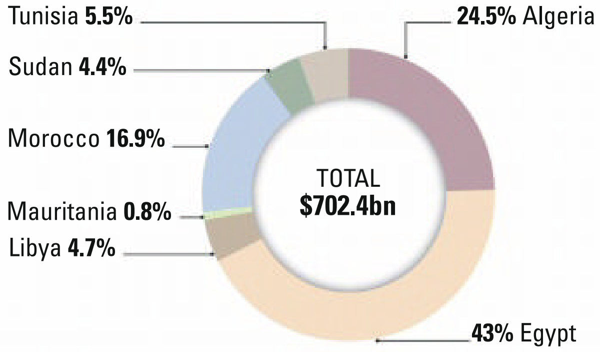

400 km
Atlantic Ocean
Tangier
Casablanca
Fes
Rabat
Marrakech
MOROCCO
Algiers
Tunis
Constantine
Oran
Béchar
Tindouf
ALGERIA
TUNISIA
Mediterranean Sea
Tripoli
Benghazi
LIBYA
Alexandria
Cairo
EGYPT
Aswan
Nouadhibou
MAURITANIA
Nouakchott
SENEGAL
MALI
NIGER
CHAD
SUDAN
Khartoum
ERITREA
ETHIOPIA
SOUTH SUDAN
CENTRAL AFRICAN REPUBLIC

NORTH AFRICA POPULATION
(millions)



SOURCE: UN POPULATION DIVISION

NORTH AFRICA GDP (2019)
(% of regional total)



SOURCE: INTERNATIONAL MONETARY FUND

7% rise

Foreign direct investment to the North Africa region in 2018 recorded a big uptick. Egypt's haul dropped by 8% to $6.8bn and Morocco's jumped by 36% to $3.6bn.

232 People to watch
234 Algeria
235 Egypt
237 Libya
238 Mauritania
239 Morocco
240 Sudan
241 Tunisia

people to watch

SUDAN

Osama Daoud Abdellatif

Money and mediation

The chairman of the DAL Group conglomerate is one of the country's richest men. He is using that position to help the transition that started with the deposing of then-president Omar al-Bachir in April 2019. Abdellatif was a part of the mediating team that convinced the Transitional Military Council to accept the demands of the Forces of Freedom and Change civilian opposition coalition, which is now running the transitional government that hopes to organise elections. With tough reforms on the horizon, the new government will be looking to Abdellatif to use his international networks to help keep the economy afloat. But some in the opposition warn that Khartoum should be wary of working with businessmen who have their own economic interests to protect.

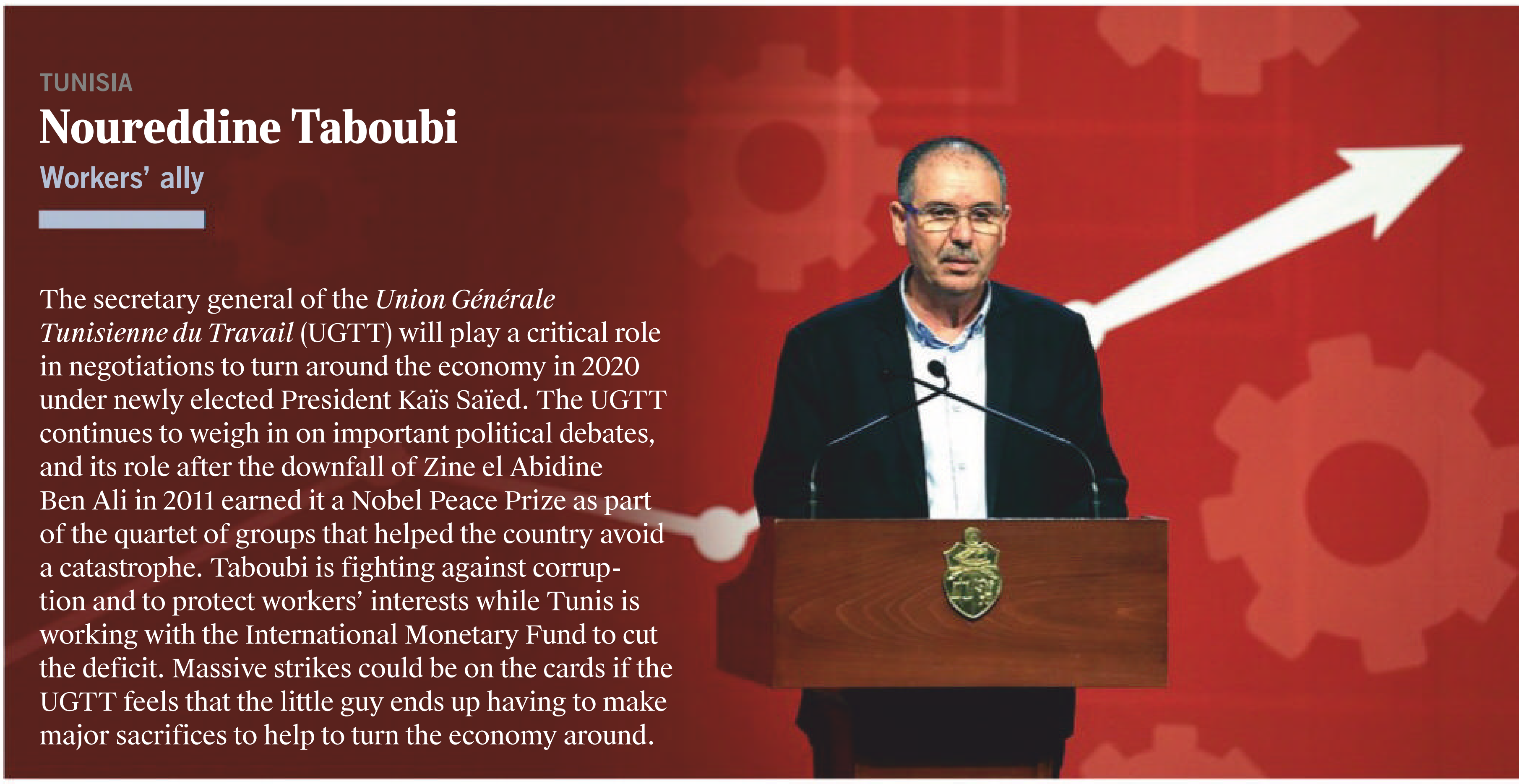
ROBBIE STEPHENSON/JMP/REX/SIPA

ALGERIA

Riyad Mahrez

A fox in the city

The Manchester City football ace and Algerian captain put in a star performance when the Fennecs won the 2019 Africa Cup of Nations tournament. And he still has his eye on the Champions League prize now that he ended his somewhat unhappy stint at Leicester. He moved to Man City in 2008 for what was then a club record of £60m. The midfielder is regaining his old confidence, and no doubt has many more great games in him as he looks to top his 2016 African Player of the Year and Professional Footballers' Association Player of the Year awards.



YASSINE GAIDI / ANADOLU AGENCY/AFP

TUNISIA

Noureddine Taboubi

Workers' ally

The secretary general of the *Union Générale Tunisienne du Travail* (UGTT) will play a critical role in negotiations to turn around the economy in 2020 under newly elected President Kaïs Saïed. The UGTT continues to weigh in on important political debates, and its role after the downfall of Zine el Abidine Ben Ali in 2011 earned it a Nobel Peace Prize as part of the quartet of groups that helped the country avoid a catastrophe. Taboubi is fighting against corruption and to protect workers' interests while Tunis is working with the International Monetary Fund to cut the deficit. Massive strikes could be on the cards if the UGTT feels that the little guy ends up having to make major sacrifices to help to turn the economy around.

ALGERIA

Ahmed Gaïd Salah

Soldier pulling the strings

The leader of Algerian conservative forces has his career on the line with the elections planned for 12 December. The Hirak movement of street protesters that sprung up in opposition to then-president Abdelaziz Bouteflika's planned run for a fifth term has opposed Gaïd Salah's moves to rush through to elections with as little reform as possible. Five candidates have thrown their hat into the ring but face pressure from the street, where people are calling for a change in the system – from top to bottom – that the Algerian security services are defending. The 79-year-old general also lacks reassurance that a newly elected president would want him in charge of the army, so the months ahead will show if he can keep the revolution to only superficial changes and hold on to his power.

EGYPT

Mohamed Ali

An actor for action

With President Abdel Fattah al-Sisi's iron rule largely unchallenged by an opposition crushed and divided by the ruling party, Spain-based actor and construction contractor Mohamed Ali emerged in 2019 to rally people out to protest corruption and the government's spending on huge projects that are not improving the livelihood of the people. In response, Sisi defended his building of presidential palaces amidst an economic crisis and his government arrested more than 2,000 people. The year ahead will show if Ali and others can use the momentum to turn up pressure on the Cairo administration to listen more and respond more to the voices of the people.

SAMUEL ARANDA/THE NEW YORK TIMES-REDUX-REA

MOROCCO

Mostafa Terrab

Make it grow

Next year will be a big one for the boss of Moroccan fertiliser producer OCP, celebrating its 100-year anniversary in August while planning a major African expansion with projects in Ethiopia and Ghana, amongst others. Word is that he is being considered to lead a government commission due to come up with the country's new development model. On the agribusiness front, he took up the leadership of the International Fertiliser Association in mid-2019, becoming the first African to hold that position. He is also overseeing $1.5bn in planned investments in Nigeria, which will help OCP to overcome the threat to its business caused by the Muhammadu Buhari government's ban on imports of NPK fertilisers.

DIRK WAEM/BELGA

Mediterranean Sea
SPAIN
ALGIERS
Oran
Constantine
TUN.
MOROCCO
400 km
ALGERIA
LIBYA
MAURIT.
MALI
NIGER

Algeria

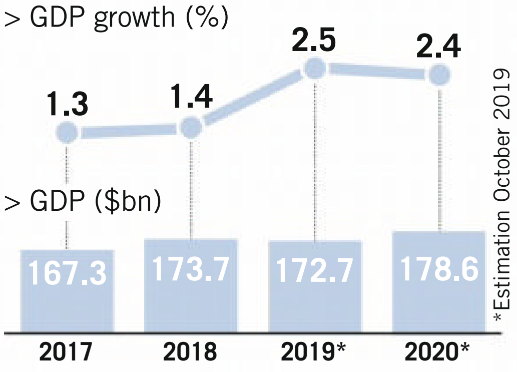
A new era dawns

> Many protesters reject the idea of a presidential election without deep reforms
> Algeria's political instability and extreme dependence on oil are hurting the economy

As *The Africa Report* went to press, Algeria's period of uncertainty was not subsiding. The country was thrown into a tug-of-war after the revolution of 22 February 2019 succeeded in ousting long-serving president Abdelaziz Bouteflika. General Ahmed Gaïd Salah, who pushed Bouteflika out, represents the country's conservative forces. He wanted to hold elections as quickly as possible with as few reforms as possible. Amassed against him are millions of people protesting in the streets for deep change that will wipe away all the traces of the Bouteflika period.

After a first attempt to hold elections failed in October, a new presidential vote was due to be held on 12 December 2019. It is not clear how many people will turn out to vote and how much popular legitimacy the new government will have. The presidential candidates with the biggest followings include former prime minister Abdelmadjid Tebboune and former prime minister Ali Benflis. All of the five candidates were in a Bouteflika government or his political party, the *Front de Libération Nationale* (FLN). Most opposition parties plan to boycott the vote, and protesters are likely to try to block people from voting.

> Population: **43.1 million**
> GDP per capita: **$3,980**
> Life expectancy: **76.3**
> Adult literacy: **75%**
> Inflation: **2%**
> Human development index (out of 189 countries): **85**
> Foreign direct investment: **$1.5bn**
> Last change of leader: **2019**
> GDP growth (%)



Deep freeze

Whoever wins the election will face huge challenges because of the vast number of people who are calling for a new constitution and fundamental changes to the way Algeria is run. The new government will have to come up with a plan to rebuild the nation and convince opponents on all sides to get behind its project. A long period of political tension is expected.

This is playing out against the backdrop of a nearly unprecedented economic crisis. The economic repercussions of the 2019 revolution will be felt for years. It has weakened the powerful business class and led to a deep freeze in public and private investments. Gaïd Salah launched an anti-corruption campaign targeting regime barons in 2019 – including presidential brother Saïd Bouteflika and FLN MP Baha Eddine Tliba – to show that he was listening to the calls of the people in the street for change. The climate of permanent revolution makes it difficult to see beyond the short term.

Construction companies are sacking workers at full throttle, and unemployment is expected to rise significantly over the next 12 months. Algeria's almost total dependence on oil, which represents 96% of its exports, is an aggravating factor in this situation.

The previous government was trying to spend its way out of the recent downturn caused by a major drop in oil prices. According to expert estimates, the authorities need the price of a barrel of crude oil to be $116 to balance the national budget. However, oil prices are stagnating at around $60 per barrel.

Oil CEO sacked

The government's financial difficulties will worsen in the medium term, especially since its foreign-exchange reserves are dwindling. They dropped from $194bn at the beginning of 2014 to $56bn at the end of 2019. At this rate, those reserves will disappear before the end of the newly elected president's five-year term. That would create a desperate situation for Algiers, which would then be forced to resort to borrowing from international institutions like the IMF.

Reforms that a new government could overturn are moving ahead nonetheless. The national assembly passed a law to make the oil sector more attractive to foreign investors in November, a move opposed by many street protesters. Investors have not shown much of an interest in Algeria's oil sector since about 2008. The new oil law was accompanied by the unexpected sacking of the boss of state oil company Sonatrach, which brings with it more doubts about the future management of the crucial sector.

The business community has expressed the hope that the revolution will bring other economic changes, like the revitalisation of the banking sector. It is currently dominated by six inefficient state-owned financial institutions. ●

Mediterranean Sea
ISRAEL
Port Saïd
Alexandria
CAIRO
LIBYA
EGYPT
Red Sea
SAUDI ARABIA
SUDAN
300 km

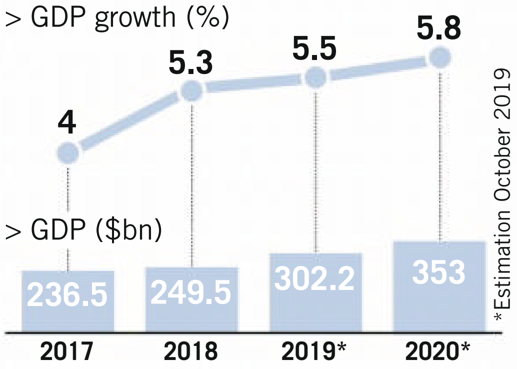
Egypt

Sisi seems unstoppable

> Austerity measures which led to a hike in prices continue to weigh heavily on citizens
> The regime continues to repress social movements and opposition figures

Undeterred by the anti-corruption and anti-austerity protests that broke out in September 2019, President Abdel Fattah al-Sisi is focusing on megaprojects and subsidy cuts backed by the International Monetary Fund (IMF) to attract investors and win international financial support. Having backed constitutional changes in 2019 and with the military firmly behind him, he can run for another term in 2024 and potentially serve until 2030. Those constitutional amendments were supported by nearly 90% of voters, but turnout was low, at 44.3%. Amidst the war in Sinai, the government is cracking down on independent voices, protests, non-governmental organisations and the political opposition. It has been using a rolling state of emergency to do so since 2017 and there are no signs yet that it will be removed in 2020.

> Population: **100.4 million**
> GDP per capita: **$3,046**
> Life expectancy: **71.7**
> Adult literacy: **75.1%**
> Inflation: **13.9%**
> Human development index (out of 189 countries): **115**
> Foreign direct investment: **$6.8bn**
> Last change of leader: **2014**
> GDP growth (%)



Protests erupted all over the country in September 2019, resulting in the arrests of at least 3,000 citizens. It could be the start of a new uprising against soaring prices and political violence. So far, the demonstrations do not seem to be spurring a wider movement. Mohamed Ali, a contractor who fled to Spain and who worked with the Egyptian army for 15 years, was the main agitator of these protests. He posted dozens of videos, accusing the regime of wasting fortunes on large construction projects, including presidential palaces and villas for his entourage. Sisi's response was: "I'm building a new country [...] All this is not mine, it's Egypt's."

Legislative elections in 2020

One in three Egyptians lives below the poverty line. To cushion people from the removal of fuel and electricity subsidies, the government has rolled out a programme of cash transfers to some of the poorest households.

The government has weakened the Muslim Brotherhood and said it has been involved in the protests. The party has been hurt by repressive tactics and attempts to foment divisions between reformist and hardline groups.

Egypt's only elections in 2020 will be legislative ones. The 2019 constitutional referendum also made parliament a bicameral body, meaning that the Shura council – which is equivalent to the senate – will be restored after being abolished by the 2014 constitution. Parliamentarian and Shura elections will be held from April to May 2020 and are predicted to deliver strong majorities for Sisi supporters.

Sisi is leading the African Union for a one-year term that ends in February 2020. His focus is on terrorism and security, particularly for the Sinai peninsula, the Libyan civil war, the Democratic Republic of Congo, Somalia and South Sudan. Meanwhile, Egypt remains a major player on regional issues. Cairo is supported by allies such as the United Arab Emirates and Saudi Arabia, which injected large sums into the Egyptian economy. Sisi is standing by Libyan military leader Khalifa Haftar in the civil war there.

The flow of the Nile

Egypt's main diplomatic priority in 2020 will be dealing with the construction of the Grand Ethiopian Renaissance Dam. After talks with the Ethiopian authorities led to a stalemate, Egypt's prime minister Mostafa Madbouly said that his country was determined to preserve its rights in the waters of the Nile. Egypt fears the $4bn hydropower dam will restrict the flow of the Nile, the economic lifeblood of the country, upon which Egypt relies for up to 90% of its fresh water.

Cairo has called for international mediation and wants the US to find a solution to the debate about how to manage the project and its impact on water levels. Ethiopia will begin generating small amounts of electricity from it in 2020 and the project should be operational by 2022, so the pressure for a resolution is mounting.

Further afield, the European Union is promoting dialogue with the Cairo government about migration. The Sisi administration has cracked down on trafficking, and Brussels would like other countries in the region to follow suit.

In order to get the support of the IMF, the Sisi government has been dismantling parts of the welfare state set up under former president Gamal Nasser. The deal signed in 2016 included a $12bn loan in exchange for reforms including a deep cut in subsidies, the creation of a value-added tax, a steep devaluation of the pound and the introduction of new taxes. Sisi has been sure not to hurt the military's outsized role in the national economy.

The Cairo government received the final $2bn tranche in 2019 and another IMF deal is already under negotiation. The government hopes to sign it by March 2020 and continue with cuts to the public service wage bill. Economic growth is running high, and the government has brought its spending under control – producing budget surpluses instead of deficits. The IMF is recommending that the government do much more about improving the business climate and strengthening the private sector in order to create the 700,000 jobs a year that the Egyptian population requires. A round of delayed privatisations is still due to be completed.

While the reforms are powering economic growth, they have also raised domestic prices. Inflation remained in the low double digits in 2019, and the IMF predicts that it could be in single digits by 2021 at the earliest.

Focus on renewables

The government is relying on megaprojects like the new Suez Canal and the new capital city to create jobs and boost the economy. So far, they have not created a sea change at the grassroots level. Activity is building up in the Suez Canal Economic Zone, and operations at the Russian industrial zone are due to launch there in 2020.

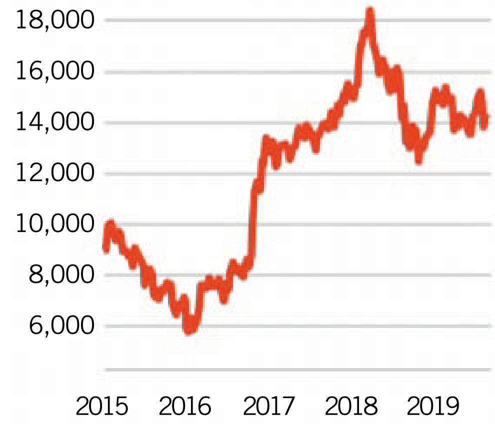
Another huge project moving ahead in 2020 is the giant Zohr field, an offshore natural gas deposit discovered by Italy's Eni in 2015. The field is estimated to contain 850bn cubic feet of gas, which could save the country billions of dollars in natural gas imports each year and also turn the country into a gas exporter. The results of a licensing round for oil and gas exploration in the Red Sea should be revealed in the year ahead.

Rolling out energy infrastructure is high on the government's list of priorities. The government goal is for 20% of the country's electricity to come from renewables by 2020. The $4bn 1.8GW Benban solar project is a step in that direction, with construction due to be completed by the end of 2019 or early 2020. Elsewhere, German-Spanish joint venture Siemens Gamesa is due to complete a 250MW wind farm at West Bakr in 2021.

Tourism, another key component of the Egyptian economy, is growing from its precipitous drop in 2010, when nearly 15 million tourists went to Egypt. About 9 million tourists visited the country in 2018, with more expected in 2019. Flights from the UK are due to recommence in 2020 after the ban on flights to Sharm el-Sheikh – the take-off point for a Russian plane that was blown up in 2015 – was lifted in 2019. The Grand Egyptian Museum, built at an estimated cost of $1bn over a period of more than a decade, is due for its inauguration in 2020.

Egypt's security remains a threat to the tourism industry. The war in Sinai, which began in 2013, had killed more than 120 citizens and soldiers as of October 2019. The conflict sometimes expands beyond Sinai and reaches Cairo and other cities. There was a tourist bus attack near Giza on 19 May that wounded 17 people. The government is fighting the forces of Hassm, which is identified by the Terrorism Research and Analysis Consortium as a jihadist and military wing of the Muslim Brotherhood, as well as Ansar Bait al-Maqdis, an organisation that is allied to the Islamic State rebels in Syria. •

EGYPTIAN EXCHANGE EGX 30 PRICE INDEX



SOURCE: BLOOMBERG

Strong-arming and the law

After having reached the presidency through the use of arms, Abdel Fattah al-Sisi is maintaining his tight grip on power through force as well. The government's most recent campaign of arrests, which put a halt to the September protests that broke out in numerous cities around the country calling for al-Sisi to step down, led to more than 4,000 Egyptians being thrown in prisons in less than two weeks. Many were not even involved in the protests: some police officials randomly interrogated people in the streets and confiscated their cell phones. If they shared political content on social media, they were immediately arrested.

Egypt's human rights record will be in the spotlight in 2020. The United Nations Human Rights Council launched its universal periodic review of the country in mid-November 2019. Sisi's policy is to use security as a shield to defend the government against criticism. The opposition has been unable to organise wide-scale activities, Cairo has limited the room for manoeuvre for non-governmental organisations and donors do not have much leverage over Sisi's administration.

The uprising of 25 January 2011 was a cry out by the people for better lives and more freedom. But it was also an expression of anger against the lack of dignity and the constant brutality used by forces to shut down opposition. Will Sisi learn from the mistakes of his predecessor or repeat them in the years ahead? •

TUNISIA
Mediterranean Sea
TRIPOLI
Benghazi
300 km
EGYPT
LIBYA
ALGERIA
NIGER
CHAD
SUDAN

Libya

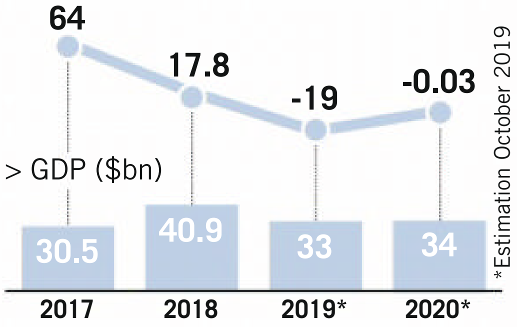
Stalemate between Sarraj and Haftar

> The LNA has succeeded in extending its control to much of Libya's territory
> The shifting political context in the Arab world could change the Libyan situation

The resumption of hostilities in Libya in April 2019 has plunged the country into a new wave of civil conflict. While an agreement between Prime Minister Fayez al-Sarraj and Khalifa Haftar seemed to have been reached at the Abu Dhabi summit in February, Haftar launched the Libyan National Army (LNA) on Tripoli, sidelining the political process pushed by UN envoy Ghassan Salamé.

While the military authorities in the east promised a rapid takeover of Tripoli, the LNA was blocked at the city's gates more than six months after the offensive to dislodge the Tripolitan militias loyal to the Government of National Accord (GNA). However, with the exception of part of the coast, the LNA largely succeeded in extending its control to the majority of Libyan territory.

- > Population: **6.8 million**
- > GDP per capita: **$5,019**
- > Life expectancy: **72.1**
- > Adult literacy: **ND**
- > Inflation: **4.2%**
- > Human development index (out of 189 countries): **108**
- > Foreign direct investment: **ND**
- > Last change of leader: **2016**
- > GDP growth (%)



The militias in the west, initially united by the threat Haftar posed, are now in conflict, particularly between fighters in Tripoli and the forces in Misrata. The latter are better armed and trained. They are defending the capital, and it is a Misrati, interior minister Fathi Bashagha, who has taken charge of the GNA security institutions. Haftar's forces launched major bombing raids on Misrata in November 2019.

Theatre of war for drones

While no side seems to be able to eke out a victory, Misrata and the LNA, which have been open to the possibility of talks, may be tempted to find common ground. But that sort of rapprochement would be difficult without the backing of the main international supporters of both parties. The United Arab Emirates continues to provide assistance and advice to the LNA; Turkey plays the same role for the Tripolitan forces. The support of these two states is reflected on the ground in the world's largest theatre of war for drones, according to UN secretary general António Guterres. He still thinks that Salamé will be able to guide Libya towards the elections. A difficult goal to achieve, and one that will only be possible after local and international negotiations that promise to be tough. Salamé's current strategy is to push for a ceasefire, followed by talks among the external actors involved, and finally a national dialogue in Libya that includes all of the major players in the conflict. So far, no side seems interested in suing for peace due to the stalemate on the ground.

But the shifting political context in the Arab world could change the situation. Weakened by its confrontation with Iran, Saudi Arabia – another Haftar supporter – is reviewing its security strategy and could be more open to a dialogue on Libya. The UAE is also dialling back its engagement in conflicts in the Arab world. Regional actors are also involved, with reports of fighters from Chad and Sudan working for the different sides and sometimes looking after their own interests.

The conflict has created a major humanitarian crisis. The recent fighting displaced 300,000 people and 880,000 people were estimated to be in need of humanitarian assistance.

Future integrity

The conflict is obviously not good for business, and Libya's reconstruction will have to wait until it ends. Fighters want to control the country's oil, and production fluctuates significantly due to the instability. Average production hit 1.3m barrels per day in October 2019, up from 1m in October 2018. The Sarraj government is spending about $1bn to maintain those levels of production for the year ahead. Tens of billions of dollars are estimated to be required in order to bring production back up to pre-conflict levels.

Political divisions are also playing out in the oil fields. The National Oil Company (NOC) denounced attempts to divide its subsidiary Brega Petroleum Marketing Company between east and west so that the Cyrenaic authorities could have a say in the export of crude oil. Mustafa Sanalla, the NOC boss, warns that, if it were to lose its export monopoly, "Libya's future integrity would be seriously threatened". •

MOROCCO
ALGERIA
Atlantic Ocean
300 km
MALI
Nouadhibou
MAURITANIA
NOUAKCHOTT
SENEGAL

Mauritania

Military maintains outsized influence

> The new president represents continuity but is reaching out to the opposition
> The iron ore sector is hurting, but gold and gas offer growth opportunities

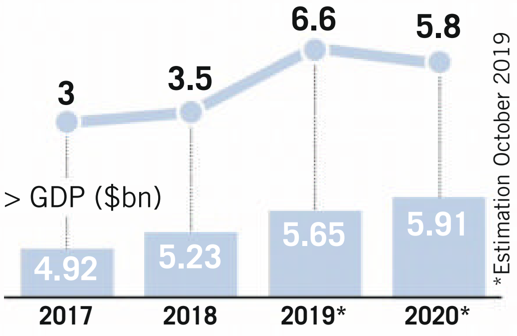
In 2019, for the first time in their country's history, Mauritanians watched an elected president hand over to an elected president. On 23 June, Mohamed Ould Ghazouani was declared the winner of the presidential race with 52.01% of the vote. The announcement of Ghazouani's candidacy in March cut short claims that his predecessor and close friend Mohamed Ould Abdel Aziz would run for a third term, which the constitution prohibited – and opened the way for change.

Ghazouani, a retired general, cautiously took up his new place away from the military barracks. This former chief of defence staff and defence minister had previously dealt only with security issues, so people are eager to see what he will do on the issues he campaigned on: education, the economy and social justice.

He wants to improve relations between political parties and has reached out to the opposition, whose leaders challenged the fairness of his election. He has yet to outline how he will address the opposition's many complaints about Mauritania's governance.

Anti-slavery activist Biram Dah Obeidi, who came second in the election, has established himself as the new leader of the opposition. He takes over from the moderate Islamists of the *Tawassul* party. Abeid says he is willing to negotiate with the government if it will legalise banned opposition parties and level the playing field.

> Population: **4.5 million**
> GDP per capita: **$1,392**
> Life expectancy: **63.4**
> Adult literacy: **45.5%**
> Inflation: **3%**
> Human development index (out of 189 countries): **159**
> Foreign direct investment: **$71m**
> Last change of leader: **2019**
> GDP growth (%)



Friendship in the balance

The polls were a wipeout for other opposition leaders such as Mohamed Ould Maouloud and Ahmed Ould Daddah, who received only 2.5% of the vote. Meanwhile, Messaoud Ould Boulkheir switched sides and is now working with the government.

Analysts are watching to see if Ghazouani asserts his own authority through a break with his friend and former president Abdel Aziz. The two men are very close and this relationship is most likely to continue, barring surprises. Abdel Aziz himself has not revealed his ambitions, only saying that he will remain close to power. Ghazouani wants to maintain the previous government's strong anti-terrorism policies, which have kept the country free of terrorist attacks for the past 10 years.

Mauritania's economic indicators are strong, despite successive governments having failed to deliver on promises of diversification. Iron ore is one of the country's top traditional exports, and the gold sector based around Tasiast has been booming since 2016. Canadian miner Kinross has plans to expand its mine there and is in talks with the government about it. Recently, agriculture, construction and telecoms have been performing well. The country is considering the launch of a national stock exchange at some point in 2020.

Huge gas find

Oil and gas are expected to broaden the country's economic base somewhat, but keep it tethered to natural resources. US-based Kosmos Energy announced a huge gas find at its Orca-1 well in October, saying it expects to be able to deliver 50trn cubic feet of gas from the field – that is bigger than the major Zohr gas field discovered in Egypt. Another block, the Grand-Tortue field, is located offshore Mauritania and Senegal. It is being developed by a consortium led by BP and is not expected to begin production for several years.

President Ghazouani will have to tackle the abyss caused by the enormous debts of the national mining company, the *Société Nationale Industrielle et Minière* (SNIM). The government has been implementing reforms and cutting its spending since the downturn in iron ore prices in 2014. But that did not stop debt levels from hitting 80% of gross domestic product in 2018. SNIM has not successfully managed the boom and bust of the iron ore sector and made many opaque investments in recent years. On 5 September, Ghazounani began by appointing former finance minister Moctar Ould Djay as head of SNIM in the hope of turning a new page for the majority state-owned firm. •

PORTUGAL
SPAIN
400 km
Casablanca
Rabat
CANARY ISLES (Spain)
Atlantic Ocean
Marrakech
MOROCCO
ALGERIA
MAURITANIA
MALI

Morocco

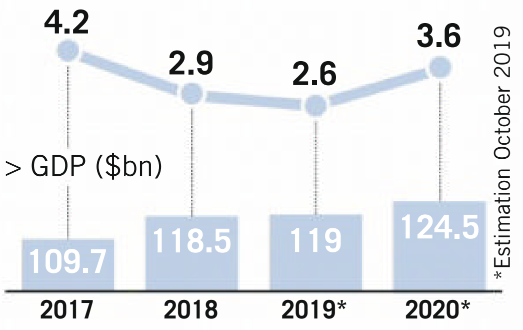
The king's the thing

> Rabat is focusing on vocational training and the development of a rural middle class
> Political parties are beginning to prepare for legislative elections in 2021

Morocco's monarchy and managed democracy are working on addressing inequalities and finding new development models for the years ahead. The government is due to establish a commission "focused on meeting citizens' needs" in 2020 that could lead to a wave of large-scale reforms. The popular Hirak protests in the Rif and the 2011 social movements are a reminder of the inequalities that the Moroccan system has fostered.

Legislative elections are planned for 2021. The current government is led by the Islamists of the *Parti de la Justice et du Dévéloppement* and Prime Minister Saad Eddine El Othmani. But it is growing weaker after seven years in power, now governing with a wide coalition and riven with infighting. Nizar Baraka and the opposition party *Istiqlal* are gearing up for the campaign by calling for a deeper democratisation.

- > Population: **36.5 million**
- > GDP per capita: **$3,345**
- > Life expectancy: **76.1**
- > Adult literacy: **69.4%**
- > Inflation: **0.7%**
- > Human development index (out of 189 countries): 123
- > Foreign direct investment: **$3.6bn**
- > Last change of leader: **1999**
- > GDP growth (%)



The government is launching new programmes to strengthen the rural middle class. It will be built up through the transition to private ownership of collective irrigated land. The start of such operations in two regions, Haouz and Gharb, was announced with great fanfare in June 2019.

Peugeot boost for jobs

Vocational training is to be the priority of the government planning document that will replace the Industrial Acceleration Plan, which expires in 2020. As part of that plan, the automotive industry has made a major qualitative leap forward. In June 2019, the French company Peugeot opened a new site in Kenitra, creating 19,000 direct jobs. Morocco has become the continent's leading manufacturer and this sector is the country's largest exporter.

To make the economy more attractive to investors, the IMF wants Morocco to liberalise its exchange rate and allow the dirham to float. Abdellatif Jouahri, the governor of Bank Al-Maghrib, is opposed to any brusque moves and is instead taking small and slow steps in that direction.

But the workforce remains engaged in simple tasks. Increasing employment as well as added value requires intense training efforts. The numbers are worrying: six million Moroccans aged 15 to 24 are outside the school system and have no employment. The government also promises to create a single database for social programmes, which will help the administration be more effective in targeting assistance.

The end of 2019 was marked by the arrest and incarceration, then release by royal pardon, of a young journalist, Hajar Raïssouni, for having had an abortion. The case will have a direct impact on the important issue of criminal policy reform. The draft law was created in 2015 but deputies have not yet submitted it to a vote. Civil society is putting the pressure on by calling for change.

Reaching out to West Africa

In the years ahead, Rabat will launch new lobbying efforts in Africa. Moroccan bosses and senior officials see the continent's markets as an important growth driver to support the economy. For example, Maroc Telecom is now present in 10 African countries, and most recently launched its activities in Chad in March 2019.

Infrastructure investments are under way, particularly in Tangier and Casablanca. The latter is set to become a regional financial hub and its new districts and business centres should expand in 2020. Rabat plans to spend about $8bn on projects to link the country to the West African sub-region. One goal is to connect the markets of Abidjan and Dakar to Tangier Med, which has become the largest port in the Mediterranean after the opening of its second platform in June 2019.

Some major problems are struggling to get on to the national agenda: at the end of 2019, the Economic, Social and Environmental Council sounded an alarm bell once again about the overexploitation of water resources.

In terms of diplomacy, there is little change in sight for Western Sahara. The Polisario Front leaders are lobbying the UN for the promised referendum on independence and await the appointment of a new special envoy. •

EGYPT
400 km
LIBYA
SAUDI ARABIA
Port-Sudan
Red Sea
CHAD
KHARTOUM
ERITREA
SUDAN
CAR
SOUTH SUDAN
ETHIOPIA

Sudan

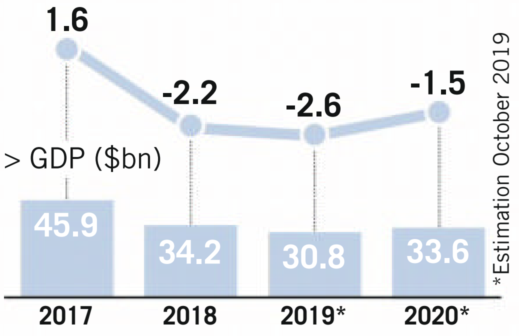
Transitional triumphs and troubles

> The government has many obstacles to overcome in order to hold elections in 2022
> The IMF is predicting years of economic problems due to Sudan's low revenue and high debt

Prime Minister Abdalla Hamdok's transitional government enters 2020 with a long list of major challenges on the road to holding democratic elections in 2022. The period since the downfall of authoritarian leader Omar al-Bashir has been tense, with military leaders worried that they would lose their influence and privilege under the new civilian team. The governing Forces of Freedom and Change opposition coalition, a driving force in the protests that brought down Bashir, has a vast agenda including ending the country's civil conflicts, stablising the ailing economy, reforming the constitution and establishing a fair and independent judiciary.

The Hamdok administration is seeking an end to the armed struggle in Darfur. It has provided some concessions for talks to start with rebel leader Abdel Wahid al-Nour. One of Nour's major demands is the dissolution of the Rapid Support Forces, led by Lieutenant General Mohamed Hamdan Dagalo "Hemedti", who sits on the government's sovereignty council. The military worries that its budget – which is a huge portion of the national budget – will be cut if the government is able to bring peace to the country.

- > Population: **42.8 million**
- > GDP per capita: **$714**
- > Life expectancy: **64.7**
- > Adult literacy: **53.5%**
- > Inflation: **50.4%**
- > Human development index (out of 189 countries): **167**
- > Foreign direct investment: **$1.1bn**
- > Last change of leader: **2019**
- > GDP growth (%)



US terrorism list

There has been progress in talks with Abdel Azziz Al-Hilu, leader of the Sudan People's Liberation Army that is based in the Nuba Mountains. Also on the security front, the government has negotiated the gradual withdrawal of Sudanese troops from the Saudi-backed fighting in Yemen. The new government also wants to improve ties with South Sudan, with a new oil transit deal and discussions about the control of Abyei on the cards once there is a new government in Juba. The Khartoum government has stopped providing support to rebel leader Riek Machar, who is due to become South Sudan's vice-president in a transitional government.

The US government has not said when it could remove Sudan from its list of states that sponsor terrorism. Both Lieutenant General Abdel Fattah Al-Burhan and Hemedti are accused of committing crimes in Darfur. Hemedti benefits from an immunity deal that was put in place to avoid potential disruptions to the government's transitional plan. There are tensions between the two military leaders, with Burhan rating his chances for a run for the presidency.

Reliant on donations

The government's finances are in a mess after years of mismanagement. The International Monetary Fund (IMF) is predicting that the economy will shrink or slowly grow until at least 2024, with inflation in the high double digits.

The new administration cannot gain access to credit or loans from the IMF and World Bank because of Khartoum's arrears. Hamdok and the finance minister Ibrahim Al-Badawi are, however, not keen on the structural adjustment policies that the IMF prefers. The government's total debt is estimated at $62bn, and international debt relief is on the agenda. The government hopes to see progress on that front in 2020. In the meantime, the government is largely reliant on donations from friendly countries to fund its national budget for 2020. It has plans to reform fuel and bread subsidies in the year ahead.

Hamdok and Badawi are focusing on the agriculture sector. They want the Saudi Arabian government to develop 1m acres of land in eastern Sudan as agreed in a deal with Bashir's government in 2015. Likewise, the government will seek to ensure that the Gulf countries follow through with promised investments of $8bn.

With much of Sudan's oil going to South Sudan when it seceded in 2011, gold mining remains a crucial source of foreign exchange. The country produced 93tn in 2018, down from 107tn in 2017, and officials worry that much of Sudan's production is from artisanal sources and eventually smuggled outside of the country. Many international investors are waiting it out until the local business climate improves. An economic boost will come from Egypt in 2020, as Sudan begins to import 300MW of electricity. ●

TUNIS
Sousse
Sfax
Mediterranean Sea
ALGERIA
TUNISIA
LIBYA
150 km

Tunisia

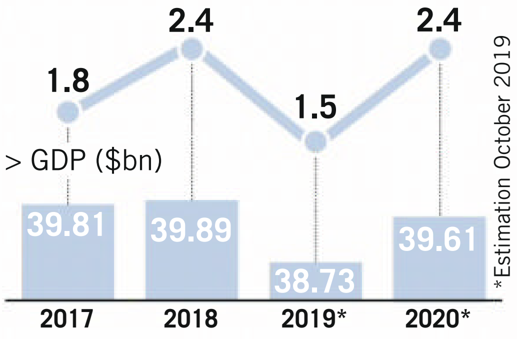
Saïed tries to turn things around

> The new president and the divided national assembly have yet to find a way to work together
> Structural economic reforms are needed as debt levels increase

After a turbulent 2019, which was mostly focused on legislative and presidential elections after the death of President Béji Caïd Essebsi, Tunisia has experienced a total upheaval of its political scene. Independent candidate and law professor Kaïs Saïed swept to victory in the October presidential election, and the Islamist party *Ennahda*, led by Rached Ghannouchi, became the largest force in the fractured national assembly. Saïed won 72% of the vote, with a big share of the youth vote. His campaign focused on issues like education and fighting corruption, but he has yet to lay out his government programme – which he says he wants to develop in consultation with the people of Tunisia.

Forming a new government and naming a new prime minister remained big challenges as *The Africa Report* went to press. *Ennahda* took just 52 out of 217 national assembly seats. *Qalb Tounes*, the party of imprisoned media chief Nabil Karoui, is the second-largest party in parliament, with 38. It supported Ghannouchi's successful run for the speaker of parliament but the two have not agreed to form a government. Ghannounchi previously said that he would not work with the "corrupt" Karoui. Many of Tunisia's traditional political parties refused to work with the Islamists and pointed to *Ennahda*'s and *Qalb Tounes*'s cooperation as an echo of the unstable troika government of opposed parties in 2011. The previous administration was hamstrung by political infighting, and this one is starting off on a weaker foot.

> Population: **11.7 million**
> GDP per capita: **$3,287**
> Life expectancy: **75.9**
> Adult literacy: **79**
> Inflation: **6.6%**
> Human development index (out of 189 countries): **95**
> Foreign direct investment: **$1bn**
> Last change of leader: **2019**
> GDP growth (%)



Rebooting a stagnant economy

The economy remains a major challenge for the eventual new government. In the absence of structural reforms, which were due to be implemented after the revolution of 2011, Tunisia's economy has been stagnant. There are some signs of progress, however. The country's removal in October 2019 from the Financial Action Task Force's blacklist of countries with high exposure to money laundering and terrorist financing gives the government a boost. The slide in the value of the dinar halted in 2019 due to a record year for cereal and olive production, but economic growth remains meagre. The government is battling to cut the big civil service wage and reduce mounting debt, which is due to peak at 89% of GDP in 2020. The country will reach the end of its current IMF programme in 2020, and the international financial institution has regularly voiced its complaints about the slowness and incompleteness of reforms.

Tourists return

The fragmented new national assembly is yet to agree on national priorities to support the economy. *Ennahda* supports the idea of a liberal economy based upon private-sector activity. But the presidency prefers a government-led strategy and is looking to turn around state-run companies, especially those in the phosphate sector, which has failed to return to 2010 levels of production. In the year ahead, the government will also be studying how to improve its system of subsidies for staple goods and energy, which are sapping the national budget.

There are some promising areas within the Tunisian economy. In 2018, a record 8.3 million tourists visited the country, generating $1.4bn in revenue. The growth trend was also set to continue into 2019 as fears of terrorist attacks fade from travellers' minds. However, the authorities continue to worry about reintegrating returned Tunisian fighters from conflicts in the Middle East.

Also, the start-up of the Nawara 2 gas field should cover 10% of national demand and make it possible to cut down on imports from Algeria, reducing the pressure on energy costs. But the emergence of nationalist politicians is also likely to affect relations with the EU, while discussions on the Deep and Comprehensive Free Trade Agreement have been suspended. •

FIX THE SOEs, FIX SOUTH AFRICA

XOLISA PHILLIP

South Africa correspondent, *The Africa Report*

It has been almost two years since former president Jacob Zuma vacated office kicking and screaming, in the metaphorical sense, but trouble continues to stalk South Africa's state-owned enterprises (SOEs). In fact, things have been getting progressively worse. Government guarantees and bailouts are still the norm for SOEs.

South Africa has more than 200 SOEs in all three spheres of government, according to data from the University of the Western Cape's Dullah Omar Institute. These range from municipal water boards and provincial gambling boards to the likes of Eskom, Denel and South African Airways (SAA).

So – if you fix the SOEs, you fix the economy, and President Cyril Ramaphosa's 'new dawn' could be visible. The capture of SOEs under the Zuma administration was facilitated through the appointment of pliable ministers and boards. This was especially apparent at Denel, SAA, Eskom and Transnet.

When the new administration appointed new boards to the aforementioned SOEs and others, there was hope that things would turn around.

Not so. Instead, Denel, SAA and Eskom were all handed multibillion-rand financial lifelines during finance minister Tito Mboweni's medium-term budget policy statement. Contrast this with the government's call for fiscal discipline because South Africa is running huge deficits and has developed an over-reliance on borrowing.

It is for those reasons, among others, that the initial 'Ramaphoria' has given way to heightened scrutiny about the quality of the boards and executive teams appointed in the aftermath of Zuma's departure.

An overriding sentiment starting to gain traction is that, much like the boards appointed during Zuma's time, the boards under the current administration lack an essential ingredient to run SOEs: technical expertise.

South Africa cannot afford this situation. The bulk of the government's contingent liabilities consist of SOE debt. SOEs are not making money; they are bleeding it. Something has to give.

In early November, the office of the auditor general released its audits of SOEs. The outcomes were described as the "worst ever", and auditor general Kimi Makwetu called for greater accountability.

Denel made the cut for the worst-performing SOEs. SAA did not make the list, but only because it has not filed its financial statements for two consecutive financial years, and so no audit was even possible. One wonders what horrors lurk in SAA's numbers.

All this gives rise to a growing realisation that the current institutional architecture – the legal framework, how appointments are made and who accounts to whom – might lie at the heart of the dysfunction.

It is not all gloomy. The Companies and Intellectual Property Commission's (CIPC's) case against former SAA chairwoman and Zuma deployee Dudu Myeni is progressing, and should serve as a warning shot of what's to come for errant SOE directors. Regulators say she misled the finance minister over the SAA's botched Airbus deal. ●

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